THE ...

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...WS SUMMARY

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...bour ...ce ...fer ...buffed

...rgaret Thatcher, leader ...Conservative Opposition, ...ht rejected a call from ...ne Minister for a cross-...onference on immigra-... least for the time being. ...r, during question time ...Commons, Mr. Callaghan ...ut a challenge to Mrs. ..., proposing round table ...etween the leaders of ...ain political parties to ...ut an agreed national ... to immigration, ampli-... afterwards in a letter to ...atcher.

...r statement the Tory ...said she felt it best to ... decision on Mr. Cal-... suggestion until the all-...elect Committee on Race ...s had reported. This ...s expected soon. ...Callaghan's move came ...ierce Commons exchanges ... subject of immigration. ...d Page 10

...th gives ...s a chance

...n Smith, the Rhodesian ... Minister, addressing a ...raising event for war ...es last night, said he ... there was a better than ...hance that the majority ... succeed. Page 6. Parlia-...Page 10

...alis 'fighting ... U.S. arms'

... forces in the Ogaden ...e being armed indirectly ... U.S., Ethiopia alleged. ...ls of States which sup-...omalia's weapons—includ-...n, Pakistan, and Saudi ...—were being replenished. ...a had captured huge ...ies of U.S. weapons in-... tanks, jeeps, and ...y. Page 6

... killed in ...salem blast

...eople were killed and 35 ... in a Jerusalem residen-...a last night when a time-... exploded in a crowded ... Palestinian guerillas ... responsibility. In Beirut, ...people were injured when ...mbs exploded in the com-... district. The blasts were ...est in the series which ...ed Syria to reinforce its ... in the Lebanese capital.

...en has flu

...ueen and Prince Philip ...ed flu. The Prince of ... stood in for his mother at ...ay's Buckingham Palace ...ture at which Sir Richard ... the Queen's physician, ...ighted after visiting his ... The Prince of Wales is ... an official visit to Brazil ...enezuela from March 7.

...oting: 3 die

... middle-aged workmen died ...shooting yesterday at the ... Aircraft Establishment's ...h station at Clapham, Bed-...re. The men were working ...use maintenance.

...es fair

...rice rail travel is to be ...le to pupils and full time ...ts of 14 and over after ...ry 26.

...fly . . .

...iet scientist, addressing a ...b-committee in New York ...ght, opposed any curbs on ...se of nuclear powered ...es.

...icaraguan Embassy at San ...or in El Salvador, was ...d and machine-gunned by ...embers of a Left-wing ...a group.

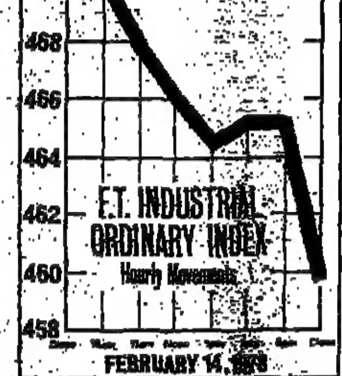
...ealand won its first ever ... Test match against ...nd by 72 runs at Welling-... Earlier report, Page 14.

...ool are through to the ...ll League Cup final after ...g 0-0 at Arsenal in the ...nal, second leg, winning 2-1 ...gregate.

BUSINESS

Equities fall 10.2; setback for gilts

● EQUITIES retreated as the January trade figures disappointed the Stock Markets. The FT 30-Share Index dropped



10.2 on the day to close at 459.7. Gold mines made further progress.

● GILTS shed as much as 1¼ and the FT Government Securities Index fell 0.77 to 74.39.

● STERLING closed at $1.9360, down 40 points, while its trade-weighted index fell to 66.0 (66.3). Dollar's trade-weighted depreciation widened to 4.69 per cent.

● GOLD rose 25c to $177.125.

● WALL STREET fell 8.27 to 765.16 on concern over the decline in the dollar and effects of the coal strike.

● EUROPEAN COURT has upheld an EEC Commission decision that United Brands of the U.S. abused its dominance of the banana market in some EEC countries. The judgment is a milestone in development of EEC rules on marketing and pricing policies. Back and Page 3

Slow recovery in industry output

● U.K. INDUSTRIAL production remained flat in the closing months of last year and output for the year as a whole was only marginally up on 1976. Back Page

● BUSINESSMEN at the CBI grand council meeting to-day are expected to voice strong opposition to the Government's plan to enforce pay policy through contracts blacklists. Page 7

● ALUMINIUM production at British Aluminium's Invergordon smelter in Scotland has been halved because of problems stemming from electricity cuts during the freezing weather. Full production may not resume until May. Page 7

● OPTIONS on shares in nine companies—three each from the U.K., Holland and the U.S.—will be dealt in when the Amsterdam-based options exchange opens in April. Page 37

Massey omits dividend

● MASSEY-FERGUSON Board decided to omit a first-quarter dividend on common and preferred shares. Trading in the company's shares was suspended in Canada and Europe ahead of the Board meeting. Page 36 and Lex

● CHESTER BARRIE, the men's wear group, has been placed in the hands of a receiver after years of losses. Back Page

● WEST GERMAN uranium group, Urangesellschaft, is seeking a stake of up to 14 per cent. in an Australian uranium deposit owned by Western Mining. Page 34

● LONDON SUMATRA PLANTATIONS Board has rejected the offer from McLeod-Sipef. Page 34 and Lex

First trade deficit since the summer puzzles Whitehall

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

The U.K. had a current account deficit last month for the *first time since July*. It *amounted* to £179m. Officials admitted yesterday that they were *puzzled* by the £235m. *deterioration* compared with December.

The outcome was affected by various special factors, though they were largely offsetting and *made little difference overall.*

The figures produced an immediate adverse reaction in the *City. The FT 30-share index* closed 10.2 lower on the day at 459.7, having been 4.8 down *before the news.*

Prices of gilt-edged stock also declined sharply, with long-dated *issues 1¼ lower and the FT* Government Securities index 0.77 down at 74.39.

The response in foreign exchange markets was less dramatic. Sterling closed 40 points down at 1.9360, which was slightly above the day's low, and some dealers suspected limited official intervention. The trade-weighted index was 0.3 down at 66.0.

The figures are so unexpectedly poor after the recent trend of sustained surplus that it is difficult to distinguish the underlying trends. But the high *level of imports in the last two* months is obviously worrying, as is the marked decline in volume *of exports since the late summer.*

The export performance is especially odd, with a 4½ per *cent. decline in volume* on a three-month comparison, after excluding the more erratic *influences. The average level in* the last three months was only 1½ per cent. higher than in the *first quarter of 1977.*

The slow growth of world trade is not a sufficient explanation, and the erosion of the U.K.'s relative export price advantage since the recent rise *in sterling* would not normally be expected to have an impact until later in the year. The Confederation of British Industry's business intention survey has, however, become distinctly less bullish about export prospects.

On the import side volume rose by 3 per cent. on a three-month comparison, again after excluding erratic factors.

Indeed, after making a rough adjustment for these influences it is probable that the volume of purchases of manufactured goods rose by well over twice the stated 1 per cent. increase in the last three months.

This follows a 12.9 per cent. rise in such imports last year, compared with 1976, with pur-

Continued on Back Page

BALANCE OF PAYMENTS
£m., seasonally adjusted

	Visible trade	Invisibles	Current account
1976	−3,510	+2,344	−1,166
1977	−1,607	+1,716	+109
1976			
3rd	−1,097	+698	−399
4th	−961	+616	−345
1977			
1st	−949	+414	−535
2nd	−769	+418	−351
3rd	+46	+449	+495
4th	+65	+435	+500
Oct.	+65	+145	+210
Nov.	+71	+145	+216
Dec.	−71	+145	+74
1978			
Jan.	−324	+145	−179

Source: Department of Trade

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Scottish Bill upset for Ministers

BY IVOR OWEN

THE Government was defeated again on the Scottish Devolution Bill in the Commons last night.

By a majority of 19, a new clause was inserted in the Scotland Bill, making it impossible for the next general election and the referendum on the establishment of a Scottish Assembly to take place on the same day.

As Ministers had insisted that there was no intention of staging the election and the referendum on the same day, the defeat is more damaging psychologically than in practical terms.

It comes on the eve of to-day's crucial votes on attempts to modify the *requirement* that a "yes" vote in the referendum must amount to 40 per cent. of the *total Scottish electorate* to be effective.

One of the chief supporters *of last night's new clause* was Mr. George Cunningham, Labour MP for Islington South and Finsbury.

His tactical campaign led to the Government defeat last month which resulted in the 40 per cent. hurdle being included in the Bill.

The clause means that, if Parliament is dissolved *before the referendum*, the referendum must not be held until three months have *elapsed after polling day for* the general election.

When it was announced that the clause had been carried—by 242 votes to 223—Ministers made no attempt to disguise their dismay.

It provided further evidence of the slender hold which the Government has over the Bill's fate and strengthened the feeling of *many* MPs that Ministers have little hope of eliminating the 40 per cent. *requirement.*

Instead they are expected to concentrate their efforts on *scaling it down to 33⅓ per cent.*

Assurances by Mr. John Smith, Minister in charge of the Bill, that the Government did not intend to hold the general election and the Scottish referendum on the same day were treated with suspicion by anti-devolutionists because they fear that such a manoeuvre might be employed to secure a high turnout of Scottish voters.

Parliament, Page 10

£ in New York

	February 14	Previous
Spot	$1.9360-9370	$1.9370-9330
1 month	0.05-0.01 dis	0.08 dis .02pm
3 months	0.12-0.07 dis	0.05 dis-par
12 months	1.00-0.80 dis	0.80-0.40 dis

Leyland plan to axe 3,000 Speke jobs

BY OUR INDUSTRIAL STAFF

LEYLAND CARS is ready to announce the closure of assembly operations at its Speke plant, Liverpool, with the loss of almost 3,000 jobs.

National union officials and *Speke shop stewards* were told this last night at talks with Leyland in London. *Mr. Moss Evans, general secretary-elect* of the Transport and General Workers' Union, said *after the four-hour meeting* that he was not hopeful, but that the union would resist closure of the plant. *Leyland plans to issue* a statement to-day on the result of the talks.

The company's move, which follows a 15-week strike at Speke which has completely stopped production of the TR7 sports car, is the first sign of the frequently discussed programme to rationalise Leyland's fragmented plant structure.

Plans are well advanced within Leyland to transfer assembly of the TR7 to Canley, Coventry, while at the same time reducing target output of the car from its present level of almost 50,000 units a year.

The number of extra jobs to be created at Coventry clearly would depend on the company's revised production requirement. But Leyland is hoping that it will be able to keep on the body shop operations at Speke—which employs another 3,000 men—in *the foreseeable future.*

The plant supplies body shells for the Dolomite model, assembled at Coventry. Workers in the press section may refuse to co-operate unless their colleagues on asembly operations are satisfied.

Closure of asembly at Speke would pose an important political and industrial relations test for Mr. Michael Edwardes, the new British Leyland chairman. He clearly puts at risk the support which he gained from shop stewards when he announced his plans to make the company viable.

While the trade unions pledged support they did add the qualification that all redundancies should be voluntary and that there should be no closures of factories.

Mr. Edwardes may use the example of British Steel Corporation and offer generous redundancy payments as a way to dampen opposition from the unions.

Partial closure of the Speke factory would prove acutely embarrassing for the Government in an area of high unemployment. However, Mr. Edwardes may point out that he was given a clear remit by Mr. Eric Varley, Industry Secretary, to make the State-owned corporation commercially viable.

The success or otherwise of Mr. Edwardes's initiative will depend upon the reaction of shop *stewards at Speke and Canley.* There is an unofficial agreement between the shop stewards that work will not be transferred from a plant without the consent of the men involved.

● As union and management met in London last night, the Amalgamated Union of Engineering Workers executive gave official support to the 15-week-long strike at Speke plant which is over a work practices agreement.

Last week, the Transport and General Workers' Union, which represents the majority of the strikers, also made the strike *official.*

● In Liverpool, efforts by the Advisory, Conciliation and *Arbitration* service have failed to find a peace formula to settle the strike at Ford's Halewood plant of 1,000 press shop workers.

● All car production at Vauxhall's Luton factory was halted with nearly 2,000 men laid off last night because of a strike by cleaners and labourers.

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U.S. ready to sell fighters to Saudis and Egyptians

BY DAVID BELL WASHINGTON, Feb. 14.

THE CARTER Administration said to-day that it is willing to sell advanced fighter aircraft to both Egypt and Saudi Arabia.

It is the first time the U.S. has ever proposed selling such aircraft to the Egyptians and the move signals a major change in U.S. Middle East policy which is certain to strain further relations with Israel.

In Los Angeles, Mr. Moshe Dayan, the Israeli Foreign Minister, urged the U.S. not to begin to provide arms to Egypt until a peace agreement was reached.

The U.S. is also prepared to sell Israel far fewer aircraft than it *had requested. Both the sale* to the Arabs and the scaling down of deliveries to Israel are *expected to provoke a fierce re*action in Jerusalem and to be warmly welcomed by President *Anwar Sadat of Egypt.*

The proposal is subject to veto by Congress where all or part of it could yet be voted down. It comes at a time when U.S.-Israeli relations are at their lowest point for many years.

Mr. Cyrus Vance, U.S. Secretary of State, said in a statement that the sales had to be seen in the context "of both the negotiating process and our objective of a peace settlement." The U.S. was still firm in its *commitment to Israel,* but Egypt also needed "reasonable assurance of its ability to defend *itself.*"

Turning to Saudi Arabia, Mr. Vance underlined the importance *that the U.S. has come to* attach "to good relations with the Riyadh Government."

Under the *Administration* proposal, Egypt would receive 50 F5 fighter-trainer aircraft similar to those in service with many air forces.

Saudi Arabia will receive 60 F-15 all-weather fighter aircraft although it will not take delivery of the first of them for some years.

Israel had wanted another 25 F-15s to supplement the 25 it already has, but under the new plan it will only get 15 more. It would also receive 75 F-16 aircraft, only half the number requested. The F-16 is a smaller aircraft than the F-15 designed as a relatively low-cost multipurpose aircraft.

To-day's decision is certain to spark off a heated debate on Capitol Hill, where Congress will have *30* days to consider the proposal.

The Administration has been lobbying hard behind the scenes on its own account, and President Sadat's recent Washington visit is believed to have reduced significantly the opposition.

● *IN GENEVA,* the *UN Human* Rights Commission accused Israel of war crimes, backed Palestinian military action and affirmed the right of Palestinians to establish "a full independent and sovereign State in Palestine."

Shell stewards accept offer

BY NICK GARNETT, LABOUR STAFF

SHOP STEWARDS representing Shell tanker drivers decided yesterday to end their overtime ban from Monday following a pay offer of 10 per cent., backdated to November, with a forward commitment for at least another 10 per cent. next November.

The second payments will be made on top of any new annual wage deal negotiated by the drivers at the end of *the year.* To that extent it outflanks present pay guidelines and cushions the *drivers against any* rigid Phase Four the Government might be considering.

The major *oil companies, who* are offering their drivers the same pay formula, said the Government, *which does not like* forward pay commitments and has been resisting them in parts of the public sector, *had been* told of the offer's details.

The companies have proceeded in the belief that the *Depart*ment of Employment has made it clear to them that the offer does not fall foul of pay guidelines.

Drivers at BP and Esso have been meeting to discuss the formula. Although some depots have rejected the deal, the companies appear to be quietly optimistic that there will be an agreement. BP shop stewards meet to-day and those at Esso to-morrow.

The disruption caused by *fuel* shortages will worsen this week, however, even if drivers at the *four major companies involved* in industrial action accept the deal.

The general overtime ban at the four companies is unlikely to be lifted until Texaco shop *stewards discuss* the offer on Friday. The oil companies say it will take between 10 days and a fortnight to get supplies back to normal after normal working resumes.

The *Department* of Employment repeated last night that it *had not studied the offer in detail* and reserved the right to refer the offer back to the companies *if it felt it was outside guide*lines.

The companies said, however, *that they would not have been* prepared to make the new offer unless they had been assured by *Government officials* that the deal was acceptable.

The way the deal has been *formulated was apparently taken* on the initiative of the companies, after consultations with the Department.

The drivers posed a real threat of industrial dislocation and the Government had prepared a detailed contingency plan, involving troops, in the event of a strike.

In 1974, when drivers and ancillary workers were also *threatening to disrupt supplies,* Mr. Michael Foot, then Employment Secretary, helped the com-

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EEC calls in car chiefs

BY DAVID BUCHAN BRUSSELS, Feb. 14.

A GROUP of senior executives from Europe's largest motor companies were called to a meeting with Viscount Davignon, the EEC Commissioner for Industry, *on Monday to discuss his grow*ing anxiety about rising imports, especially from the U.S., Japan and Eastern Europe.

Among those present were Sig. Giovanni Agnelli, chairman of Fiat, Mr. David Andrews, executive vice-chairman of British Leyland, and senior managers from Mercedes, Volkswagen, Renault and Peugeot.

The meeting, believed to be the first of its kind, follows efforts early last year to develop a *common industrial* policy for the car sector. Although the industry did not treat the EEC's initiative very seriously *then,* Community officials say that yesterday's meeting showed a *growing awareness by the car* makers of future problems.

In particular, the difficulties *encountered recently by Volvo* and British Leyland seem to have impressed on European producers *the problems they now* face in overseas markets and the dangers of increasing imports *within Europe.*

...F PRICE CHANGES YESTERDAY

...s in pence unless otherwise indicated)

RISES		FALLS	
...Book Publishers 187	+ 7	Treasury 8¼pc 1982...£94⅜	− ½
...rd Conf. 158	+ 11	Treasury 13¼pc '97...£109¾	− 1½
...t Hldgs. 53	+ 4	Beecham 627	− 8
...nian Cinemas 430	+ 30	Bibby (J.) 232	− 8
... Spring 16	+ 2½	Bowater 164	− 5
...'s Stores A 92	+ 15	Canning (W.) 63	− 4
...(M. P.) 40	+ 4	Courtaulds 118	− 5
...Bros. 108	+ 10	GEC 255	− 8
... Group 41	+ 4	GUS A 272	− 6
...brasives 65	+ 8	Haggas (J.) 103	− 6
...al Syndicate ... 125	+ 7	ICI 350	− 5
...tion Hldgs. 68	+ 4½	Levex 15	− 3½
...osgate Plat. 81	+ 5	RMC 112	− 7
...Daggafontein ... 26	+ 6	Reed Intnl. 102	− 5
...vale 89	+ 10	Sainsbury (J.) 167	− 6
...nburg 95	+ 7	Tarmac 134	− 6
...Rand Cons. ... 152	+ 14	Thorn Electrical 354	− 10
...Nigel 68	+ 5	Trust Houses Forte... 186	− 8
		Tube Invs. 372	− 12
		Unilever 490	− 14
		Wigfall (H.) 264	− 12
		BP 778	− 12

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FEATURES

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EEC Ministers isolate Soviets on Belgrade text

BY GUY DE JONQUIERES COPENHAGEN, Feb. 14.

EEC FOREIGN Ministers agreed to-day to support a text proposed by the neutral and non-aligned countries at the Belgrade conference on Security and Co-operation in Europe as the basis for a formal communiqué to be issued at the end of the 35-nation talks.

The aim of the decision is clearly to try to isolate the Soviet Union and its East European allies by presenting them with the choice of either approving a document backed by the Nine and other Western States or of rejecting it outright.

The conference, called to review the East-West Helsinki agreements, has been under way for four months and is officially due to end in mid-February.

But there is still far from a consensus over how it should be brought to a close.

The Soviet Union has been intensifying pressure for a rapid end to the talks and has proposed a cursory final communique. The West, however, is seeking a more substantive closing statement recognising explicitly the need to implement more fully the agreement's provisions in areas like human contacts.

The neutral and non-aligned countries have put forward a proposal which attempts to straddle the Soviet and Western positions. The draft recognises that there have been some shortcomings in the implementation of the Helsinki declaration.

It supports the Soviet desire for greater confidence-building measures and environmental co-operation but stops short of supporting Moscow's call for a Pan-European conference.

It also recognises there is scope for improvement in human contact—a key Western demand — such as streamlining visa regulations and reducing border restrictions.

While the Nine are not wholly satisfied with the draft tabled by the neutral and non-aligned countries and consider that it ought to be amended, they believe it may be acceptable in principle to most other Western nations, whose support they now plan to canvass. France has already submitted proposals of its own in Belgrade for a compromise text.

But Dr. David Owen, the Foreign Secretary, hinted to-day that he believed there was still a strong possibility that the talks would end inconclusively. The important thing, he said, was that the conference had taken place, and had allowed a full exchange of views on detente, not whether a communique was issued.

Dr. Owen and his French and German counterparts also reported to the other EEC Ministers here on the New York talks over the week-end on the future of Namibia (South West Africa).

All three ministers, whose Governments sit on the United Nations Security Council, argued that progress had been made in the discussions, despite some reports to the contrary. Dr. Owen said that he was encouraged that the South African Foreign Minister, Mr. Pik Botha, had not referred to the talks as a failure.

It became clear to-day, however, that the Nine are still some way from an agreement on how to proceed in their efforts to pressure South Africa into weakening the apartheid system.

While Denmark and the Netherlands want the Nine to decide on a number of contingency measures which could be taken against South Africa, Dr. Owen is arguing for a more cautious approach. He contends that such decisions cannot be kept secret by the EEC and that their disclosure could discourage Pretoria from co-operating in moves aimed at establishing Namibia's independence.

Moscow move rejected

BY REGINALD DALE BELGRADE, Feb. 14.

THE SOVIET UNION is pressing ahead with a bid to establish that it will not be Moscow's fault if the Belgrade Security Conference ends in failure. As the talks neared their scheduled end, the Soviet delegation to-day moved to counter Western charges of stonewalling by tabling new proposals for concluding the conference.

The new Soviet proposal—the second in five days—was immediately rejected as inadequate by Mr. Arthur Goldberg, the leader of the U.S. delegation at the four-month-old talks here. Nevertheless, to-day's Soviet text marks a step forward from its earlier proposals in a number of aspects.

The Western and neutral countries here are still insisting that they will not leave Belgrade without a substantive concluding document that gives new impetus to East-West relations on the basis of the 1975 Helsinki Agreement, which the Belgrade meeting was called to review.

All Western and East European countries, including the Soviet Union, plus the U.S and Canada, are represented at the talks.

The Western, neutral and non-aligned countries will not regard the latest Soviet proposal as meeting their minimum requirements.

Signs of revolt in Italian ruling party

By Paul Betts

ROME, Feb. 14.

THERE ARE growing signs here to-night of a partial but serious revolt in the long-ruling Christian Democrat Party against outline proposals by the Prime Minister-designate, Sig. Giulio Andreotti, for associating the country's Communist forces more directly with the governing process under the next administration.

Sig. Andreotti had a further meeting here to-day with Sig. Benigno Zaccagnini, the generally reformist secretary-general of the Christian Democrat Party, in part to determine whether his proposed political deal with the Communists would, however reluctantly, be acceptable to the rank and file of Christian Democrat backbenchers.

Sig. Andreotti has also prepared a short-term economic recovery programme for Italy which is understood to provide for an increase in the country's projected economic growth rate this year in response to employer and trade union demands for urgent measures to head off the developing industrial recession and growing unemployment.

Some 1,500 trade union delegates from throughout the country voted in favour to-night of the union leadership decision to adopt apparently more moderate wage policies in exchange for firm Government guarantees for job-creating investment, especially in the depressed south and a 1978 growth rate of up to 4½ per cent.

The leadership's economic document could—if accepted at shopfloor level—mark a substantial improvement in Italian industrial relations, and clearly the unions' attitude will be crucial for the implementation of Sig. Andreotti's proposed emergency economic programme.

However, after a two-day debate, there were growing signs of considerable strain within the union movement over the leadership's proposals. Some 60 amendments have been put forward by union delegates to the economic policy document.

The union rank-and-file is particularly concerned over the leadership's acceptance of the principle of labour mobility which they fear could open the door to indiscriminate lay-offs.

They are also, on the whole, opposed to the containment of new wage claims.

○ Left-wing terrorists shot dead a Rome magistrate, Sig. Riccardo Palma, in a crowded street here to-day. The 63-year-old magistrate was gunned down as he was leaving for work this morning by a gang of terrorists armed with machine guns.

Big deficit envisaged by French Socialists

BY DAVID CURRY PARIS, Feb. 14.

THE French Socialist party to-day published a detailed costing of its political programme which shows that implementation of its manifesto would mean the tripling of the State budget deficit and a return to a substantial shortfall on the commercial balance this year.

The costing, based on a vigorous stimulus to consumption paid for in large part by running a public sector deficit for the next two years and on accelerated economic growth, was presented in rebuttal of Government claims that a Socialist victory would inevitably mean a doubling of income tax.

The Socialists claim the cost of implementing their programme in 1979 will add Frs.61.7bn. (£6.5bn.) to the existing planned 1978 deficit of Frs.8.9bn. (£950m.) inherited from the present government.

The main new burden this year would be the cost of transferring to the national exchequer the first Frs.200 per employee of social security payments paid by employers. This would cost Frs.27bn. and would be undertaken to soften the impact on companies of the increase in the national minimum wage by 37 per cent. to Frs.2,400 a month.

The increase in the minimum wage in the State sector would cost around Frs.8.5bn., while the promised increases in unemployment benefits and pensions would add another Frs.11bn. The Socialists are also pledged to create 390,000 jobs in 1978 and half a million in 1979.

However, the increased spending would be offset by additional revenue calculated at Frs.30.8bn. (£3.3bn.). Almost half of this would come from the fiscal gains consequent upon pushing economic growth up to 4.9 per cent. in 1979 (OECD calculates 3.2 per cent. on existing policies and the Government is nearer to 4.5 per cent. in its calculations).

The rest would come from tax on large private fortunes, on company assets and from economising on energy. The deficit would probably be covered by issuing a large indexed State loan.

In 1979, the Socialists promise a further 15 per cent. rise in State spending to Frs.535bn., but argue that accelerated growth will boost revenues and mean a lower deficit.

The calculations suggest that the balance for goods and services will move into a Frs.18bn. deficit in 1979 because imports will grow faster than exports (Frs.11bn. shortfall in 1977 and Frs.20bn. the year before). On inflation, the Socialists cautiously promise to do no better than to keep price increases within 10 per cent., since they promise relatively modest selective price freezes and VAT concessions.

Underlying the costings are expectations that this year's planned 4.9 per cent. growth will be followed by 5.6 per cent. in 1979, that consumption will rise by 5.5 per cent. this year and that industrial investment will register a 5 per cent. advance.

The Socialists also place a lot of faith in being able to prevent the rise in the minimum wage reverberating throughout the wages ladder. They suggest a global increase of 18 per cent while average individual increase in purchasing power of 6.4 per cent is foreseen.

The figures will be strongly contested. For one thing, they contain no provision for nationalisation of industry which the Communists say must be undertaken immediately upon assuming power. The Socialists argue that nationalisation is a lengthy process which will not impinge immediately on the budget, since they envisage the conversion of shareholdings into non-voting stock making it unnecessary to buy out existing holdings.

Second, there is no provision for the elimination of private education and its absorption into the State system. The cost of this has been put at Frs.47bn. by its opponents, but such a move would probably not come in the first year of a Government of the Left.

Ship repairers threaten action in Portugal

By Jimmy Burns

LISBON, Feb. 14.

WORKERS AT Lisnave, Portugal's ship repairing yard which accounts for 5 per cent. of the country's total export earnings, have threatened industrial action for the second time in less than a week. A two-hour stoppage last Wednesday coincided with the first day of debate on the new Government programme.

Workers at the yard are answerable to the Communist-dominated General Workers' Confederation (Intersindical), which recently declared that no policy of widespread industrial action such as a national strike would precede the new Government's budget on March 15. Observers here believe that Lisnave is fast becoming a testing ground for a policy of limited industrial action which would nevertheless hit at strategic sectors of the country's economy.

Intersindical, though claiming to control over 80 per cent. of Portuguese labour, is believed to be suffering from serious organisational and financial difficulties.

In the latest communique issued by union representatives at Lisnave, the presence of Christian Democrats (CDS) in the new Government is severely criticised.

● Figures just released by the National Institute of Statistics confirm that Portugal's tourist industry, inspite of its obvious potential as a source of badly-needed foreign exchange, has been considerably neglected by successive administrations since 1973.

W. Germans back terror moves

BY JONATHAN CARR BONN, Feb. 14.

A LARGE majority of West Germans remains ready to accept a limitation of personal rights to help police and the state combat terrorism. Surprisingly the figure is slightly less than it was in 1975—before the fiercest and most-highly publicised terrorist acts occurred here.

This emerges from a poll taken by the Allensbach Institute in November last year and released to-day—two days before an important Bundestag debate and vote on further anti-terrorist measures.

At present, Chancellor Helmut Schmidt's coalition majority of ten seems endangered by the issue.

In the poll, around 2,000 adults (aged 16 or above) in West Germany and West Berlin were asked "if the influence of the state and police has to be increased to fight terrorists, would you be ready or not to accept a limitation of personal rights through measures such as surveillance and house-searches."

A total of 62 per cent. replied that they would accept this, 26 per cent. said they would not, and 12 per cent. were undecided. In another Allensbach poll taken in May, 1975, the figures were 69 per cent. for, 21 per cent. against, and 10 per cent. undecided.

The Institute also divided those polled into categories by age and by party preference. Not surprisingly, the youngest age group (16-29 years) showed the most widespread resistance to limitation of rights—36 per cent. against only 19 per cent. of those aged 60 or above.

By party, 17 per cent. of supporters of the conservative CDU-CSU opposition opposed limitation, as did 27 per cent. of Social Democrat (SPD) supporters, and a high 46 per cent. of those prefering the liberal Free Democrats (FDP).

Meanwhile, intensive efforts were continuing in SPD working groups to try to ensure that the Government is not defeated in Thursday's vote. A handful of rebels endangered the SPD-FDP majority last year in a vote on the law barring jailed terrorists from contact with the outside world—including their lawyers—in times of special danger.

Further measures are being proposed including widened powers of police search.

Poland hit by power cuts

BY CHRISTOPHER BOBINSKI WARSAW, Feb. 14.

AN ENERGY shortage which has brought cuts in power supplied to factories in the chemical, engineering and metallurgical industries in recent days is reflected in a mass media campaign here designed to persuade private and industrial consumers to conserve energy.

Nationwide power demands at peak periods recently have reached 18,900 megawatts which is 2,000 megawatts up on last year's needs. The power deficit last week reached 2,300 megawatts.

This has meant that factories, which have never had their power cut off before, experienced breaks in production.

One of the reasons for this according to the Polish Press agency (PAP) lies in unfulfilled investment plans in recent years.

In 1976, it was planned to increase power supplies by 1,300 megawatts but a mere 470 megawatts increase was achieved and last year the plan was 2,000 megawatts. But only 1,200 megawatts was achieved.

This has meant that running repairs and checks cannot be carried out at peak periods.

Another reason for the shortages this year according to the Warsaw daily "Zycie Warszawy" is the "much greater incidence of breakdowns in power stations this year compared with previous years."

This is explained by the conditions under which this year's annual checks were carried out. Spare parts shortages meant that equipment was not replaced.

The Press campaign stresses the point that a lot of energy is being wasted. One estimate by experts puts the amount of 20 per cent. of the power produced.

Big Austrian trade deficit

BY PAUL LENDVAI VIENNA, Feb. 14.

A RECORD trade gap, smaller than expected net intake from tourism and relatively high capital imports, combined to increase Austria's payments deficit on current account by 47 per cent. to an all-time peak of Sch.49.1bn. (about £1.7bn.) last year.

The external debt jumped by Sch.28bn. to Sch.120.7bn. Central Bank reserves in 1976-77 fell by 29 per cent.

The visible trade deficit last year was up by Sch.18.2bn. to Sch.71.4bn. As the surplus on services account was down by Sch.3bn. to Sch.22.2bn., the current account closed with a deficit of Sch.49.1bn. as against Sch.27.1bn.

The overall payments figures are distorted by two important factors. There was a substantial rise in surplus on capital account from a deficit of Sch.1.3bn. in 1976 to an influx of Sch.10bn. Despite the capital influx, the basic balance showed a deficit of Sch.39.4bn. up by Sch.11bn.

Central Bank reserves were down by Sch.9.2bn. after allowing for a book loss to the tune of Sch.2.2bn. and the leads and lags which reached Sch.20bn.

This figure represents 2.5 per cent. of the Austrian GNP and is hardly conducive to a realistic picture of the country's external payments situation.

The item called here "statistical difference" represents the gap between payments as recorded by the central banks and the aggregate value of tariff declarations calculated by the central statistical office.

A spokesman of the Central Bank has announced that the major exporters and importers will be questioned with regard to claims and outstanding debts.

Expansive policy promised in Greece

By Our Own Correspondent

ATHENS, Feb. 14.

THE GREEK government intends to pursue a relatively expansive monetary and credit policy this year, the Minister of Co-ordination Mr. George Rallis said to-day.

In accordance with this policy, credit to the private sector through commercial banks will be increased this year by 18-20 per cent. The extra financing is meant to revive the economy after a lower growth rate in 1977.

Mr. Rallis said that real Gross National Product is expected to grow by about [illegible] per cent this year, compared with 3.7 per cent. in 1977 and 5.8 per cent. in 1976. Industrial output is expected to rise by some [illegible] per cent., compared to a rise of [illegible] per cent. last year and one of 10 per cent. in 1976.

The government hopes to contain inflation at the 10 per cent. level this year, as against 12 per cent. and 13.3 per cent. in the last two years, respectively.

Mr. Rallis said that, to encourage private investment and help bring about a change in the prevailing anti-investment climate in Greece, the government will soon announce new incentives based on a system of direct cash grants to finance fixed investment. These grants are to be repaid to the State in annual instalments.

Jobless and food prices increase in Sweden

By William Dullforce

STOCKHOLM, Feb. 14.

UNEMPLOYMENT AND [illegible] prices rose sharply in Sweden last month. The number of jobless reached the highest level [illegible] four years with 110,000 [illegible] per cent. of the labour [illegible] without work.

In the same month the consumer price index climbed [illegible] 2.1 per cent. with food prices rising by 3 per cent.

If those in re-training [illegible] and those whose jobs have [illegible] secured by Government [illegible] ments are included the [illegible] employed" figure [illegible] 229,000 or 5.5 per cent. of the work force. This is 37,000 [illegible] than in January last year.

The number of jobs on [illegible] fell by 7,000 to 24,000 over the same period. The number [illegible] out jobs usually rises during [illegible] winter.

But Mr. Per Ahlmark, the Labour Minister, expressed concern about the January [illegible] and promised further [illegible] to stimulate employment [illegible] most likely is an extension [illegible] the scheme under which companies are paid Kr.25 [illegible] hour for each employee [illegible] on-the-job training.

Of the 3 per cent. increase [illegible] food prices last month [illegible] half was due to the farm [illegible] settlement which [illegible] from the beginning of the year.

The Government is sticking [illegible] its forecast of a 9 per cent. [illegible] in consumer prices this year.

Swiss franc at new peak

By John Wicks

ZURICH, Feb. 14.

THE SWISS franc exchange rate reached a new peak to-day. Its appreciation against a basket of the currencies of the 15 major trading partners climbed to [illegible] per cent. above the level at the time of the Smithsonian agreement in December, 1971.

This marked a sharp increase of 1.74 points over Monday and makes the Swiss franc [illegible] stronger than in early January of this year, when the dollar reached an all-time low.

The dollar continued to lose ground in the absence of convincing signs of U.S. intervention activity, dropping from Sw.Frs.1.9565 at the end of last week and Sw.Frs.1.934 on Monday to below Sw.Frs.1.92 to-day.

Sterling reached a record low against the Swiss franc, though at less than Sw.Frs.3.72.

No Finnmark ruling

The Finnish Government failed to reach a decision to-day on devaluation of the Finnmark following the depreciation of the Norwegian kroner last Friday, Lance Keyworth reports from Helsinki. The Government has stated that no decision will be taken until February 16 after to-morrow's meeting of the Electoral College.

EUROPEAN NEWS

...iance and ...rope face ...k future, ...s Rippon

...ur Own Correspondent

...TRASBOURG, Feb. 14.
...EUROPEAN Community ... the Atlantic Alliance ... a "dark and dangerous" ... Mr. Geoffrey Rippon, ... of the Conservative ...tion, told the European ...ment to-day.
...etary systems were in ...ay, economies depressed ...he balance of power was ...g increasingly in favour ...e Soviet Union.
... EEC was failing to ...ure up to its wider ...nsibilities, Mr. Rippon ...red, in a speech that ...ted the growing scepti... of his party's leadership. ... strongly criticised the ...an Government for its un...gness to help member ... with weaker economies ...cover from the recession. ...ellor Schmidt had been ...usible for frustrating the ...iinated effort of the last ...mic summit and for ...ing the next meeting until ... Mr. Rippon claimed.
... said that the Community's ...t attempt—also led by ...any—to link the British ...uation of the green pound ... the fisheries question had ...rated again the EEC's ...encies.
...he fisheries question is ...now just a test of the ...bility of the Community, ... a test of its coherence," ...id.
... we are to have the united ...pe we desire, we had ...r do a great deal better ...78 than we have done in ..." Mr. Rippon added.

...cord Danish ...ments deficit

...COPENHAGEN, Feb. 14.
... DANISH current account ...ice of payment deficit for ... was Kr.12.4bn. (£1.12bn.) ...rding to preliminary ...es, compared with a record ...1.5bn. in 1976, and follow... Kr.3bn. deficit in the final ...ter of 1977, the Danish ...ral Bank said in its ...terly review.
...owever, economic experts ... that the final figures for ... could show a consider... smaller deficit, possibly by ...to Kr.800m. Last month, ...rnment economic experts ...cast a Kr.3bn. reduction in ...1977 deficit, as against the ... figure.
...e capital balance for 1977 ...ved a surplus of Kr.19.1bn., ...cting a big rise in the ...ign exchange reserves.

Jenkins repeats call for move to monetary union

BY PHILIP RAWSTORNE

STRASBOURG, Feb. 14.

MR. ROY JENKINS, the President of the EEC Commission, to-day vigorously reasserted his demands for a more determined and faster move towards economic and monetary union.

It offered the only real solution to the Community's unemployment and other economic problems, he told the European Parliament.

"Our need is for a new economic impulse on an historic scale," Mr. Jenkins declared. "The alarm bells need to be sounded. No national economy is exempt from the prospect of present levels of unemployment persisting or indeed growing. No national government offers a long-term solution."

Mr. Jenkins said the Community should not delude itself that temporary improvements in some member States meant that a fundamental economic turnround was just a matter of time. Community ventures were urgently needed to strengthen the base of its advanced technology industries, such as aerospace, data processing, electronics components and telecommunications.

Nor should industrialists be misled by the Community's aid to the textile and steel industries. "It is not the provision of protectionist feather-bedding," Mr. Jenkins said. The breathing space given to such industries could only be justified if it were used for modernisation and improvement in their competitive position.

Mr. Jenkins said the Commission would press ahead this year with the first stage of its five-year plan for economic and monetary union. High priority would also be given to a common energy policy.

On agriculture, Mr. Jenkins said the Commission would continue with its policy of modest price increases to check the surpluses in such products as milk, sugar and wine.

"That long-term policy will not be an easy or a popular one with the farming sector," he admitted. "But in our view, it is the only policy which can avoid the introduction of even harsher measures to bring excess production under control or ultimately the disintegration of the common agricultural policy itself."

Irish telecommunications strike leads to losses

BY GILES MERRITT

NEWRY, Feb. 14.

DUBLIN IS cut off from the world outside. The Irish capital was to-day being held incommunicado for the fifth day in succession by 22 key telecommunications technicians, who have literally "pulled the plugs" on Ireland's international telephone and telex links.

Amid accusations of sabotage by the striking technicians and demands for a personal intervention by Mr. Jack Lynch, the Prime Minister, business activity in Ireland is slowing to a standstill.

Hampered further by road communications that have been cut by snow and ice, Irish industry is calculated to be losing millions of pounds daily in export orders. With the internal telephone network now breaking down fast, so that Limerick, Cork and Galway are virtually isolated from Dublin, domestic business is also suffering badly.

Export-orientated industry has become pre-occupied with re-establishing contact with its customers abroad. The main road north from Dublin to Belfast, normally heavy with commercial traffic, was to-day noticeably leavened with streams of executive cars as Irish managers travelled to Ulster to take advantage of the GPO's facilities.

At Dublin airport, flights to the British mainland were similarly in demand as Irish executives flew across to set up temporary offices in British hotel rooms.

In one dramatic case yesterday, a desperate executive hired a private aircraft from Dublin to Belfast at a cost of £125 to make a 40p call to London. He later explained that by doing so he had clinched a £5m. deal.

A. H. Hermann, Legal Correspondent, reports from Luxembourg on yesterday's United Brands judgment

Court's ruling is new milestone for EEC

THE EUROPEAN Court's judgment in the appeal case of United Brands handed down to-day can be seen as another milestone in the development of the EEC rules for the distributive, marketing and pricing policies for multinational and other large companies. It established a new strict definition of market dominance, binding between supply prices and costs, and effectively made the partitioning of the Common Market more difficult.

The judgment will strengthen the EEC Commissions case against Distillers and other companies in a similar situation. Distillers was required by the Commission to end its practice of charging the same British wholesales customer higher price for spirits destined for exports to other parts of the EEC, than those for sale on the domestic market.

The crucial ruling makes it illegal for a company to charge prices as high as the market will bear. Prices charged to importers in different member States of the Community will in the future have to be related to costs and not to the different price levels existing in the individual countries. If the cost is the same, the importers in other Common Market countries will have to be charged the same price and any profits resulting from the higher local retail or wholesale prices will have to be left to the local traders.

"The interplay of supply and demand should, owing to its nature, only be applied to each stage where it is really manifest," said the Court. It argued that as the importers and ripeners of bananas bore the risks of the local market, they should also gain any possible benefits.

The Court said the charging of different prices to importers in different EEC countries was an "obstacle to the free movement of goods." The resulting "partitioning" of the Common Market had been further intensified, the Court said, by a clause in United Brands' contracts prohibiting the ripeners from reselling bananas while still green. The reason given was that the transport of bananas from one country to another is possible only before the bananas ripen and change their colour to yellow.

The Court also endorsed the Commission's view that it was an abuse of market power and prohibited under EEC rules to over-charge to extent that the price "has no reasonable relation to the economic value of the product." This ruling represents a further binding between the selling price and costs. The Court said that not only must there be a relation between the cost and the price but also that this relation must be "reasonable." The new rule is that a price which does not have a "reasonable relation" to cost is an unfair price and as such prohibited under Article 86 of the EEC Treaty.

The Court found that the Commission did not succeed in establishing the United Brand's cost price and therefore failed to prove that the prices United Brands charged were excessive and unfair. The Court allowed the appeal on this count reduced the fine imposed by the Commission from 1m. units of account to 850,000 units of account.

This demonstrates the practical difficulties the Commission would encounter should it decide to exercise a price control of market-dominant enterprises which it is now authorised to do.

These new, stricter rules of distribution do not apply to all companies but only to those which are in a "market-dominant position." The question whether a company is, or is likely to become, market dominant has to be answered before adopting a pricing and marketing policy. United Brands, relying on previous court decisions, believes it does not possess such market dominance because it could not ignore its competitors when making marketing decisions.

However, the present judgment tightens up this rule considerably. It rejected United Brands' argument that because it had to operate at a loss sometimes while its competitors were making profits, it could not charge as much as it would like and was therefore not market dominant. But temporary losses, said the court, were not incompatible with a dominant position. The court then formulated a new definition of market dominance. Under the new definition an enterprise is market dominant when it is able to keep a large share of the market even while selling at higher prices than its competitors and if it can achieve this by means of a "flexible overall strategy against new competitors."

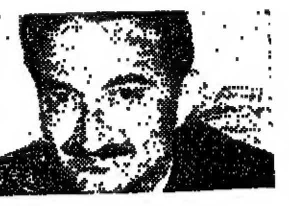
By implication this means that the price advantage derived from establishing a branded article—like the Chiquita brand of the United Brands—may be the downfall of a company's marketing system because it would place the company into a "dominant" category.

The Court agreed with the Commission that the banana market was sufficiently distinct from the other fresh fruit market. It said that though the price of bananas was depressed during the summer months often by as much as 20 per cent. due to the falling prices of other fruit bananas were a priviliged fruit with a market of their own. The reason was, said the Court, that the production and marketing of bananas could be adapted to the seasonal fluctuations of other fruit, that bananas had a captive circle of consumers—the very young, the old and the sick—and that bananas could be marketed with greater flexibility than other fruit.

TURKEY GRAPPLES WITH BIG ECONOMIC CRISIS

Wanted: radical action

Mr. Suleyman Demirel



Mr. Bulent Ecevit

BY METIN MUNIR IN ANKARA

THE ONLY fortunate consequence of the foreign exchange famine in Turkey is that apparently the Treasury cannot find the cash to import banknote printing machines.

Nobody seems to know whether this is a fact or just black humour but it serves to underline two of the most difficult aspects of Turkey's economic plight. Last year banknote release grew by 54 per cent. The hard currency shortage was so severe that one-sixth of the $5,800m. (£2,990m.) import bill was reportedly met by hard cash purchased by importers on the black market.

There were many other grave aspects to the problem. In 1977 the inflation rate nearly doubled to 40 per cent. The current account deficit was a record $3,380m. A sizeable portion of imports, estimated by some bankers to be $1,500m. could not be paid for and the central bank was overdue on over $400m. of banker's credits.

What made the economic situation worse was political instability. Mr. Suleyman Demirel, who came back as the head of a Right-wing coalition after the June 1977 election, opened talks with the IMF and did take some austerity measures. But political weakness prevented him from going all the way. On New Year's Eve he was toppled by Mr. Bulent Ecevit, the 52-year-old Left-of-centre politician, who is now in charge.

The general impression abroad since mid-1977 is that Ankara has been doing little or nothing to overcome what is certainly the biggest economic crisis in Turkish history. Broadly speaking, this is incorrect. The notoriously bad Turkish public relations machine has simply been unable to spread the good deeds beyond the borders of Turkey. Ankara has started implementing the measures suggested by the IMF since last autumn. For instance, budget spending has been limited to $13bn. and the import bill to $4,850m. There was a small devaluation, measures to curb inflation and the GNP growth was reduced from over 7 per cent. to 5 per cent. per year.

But political instability prevented the adoption of more radical measures and the IMF has withheld its essential stamp of approval.

Political instability is no longer an excuse. Mr. Ecevit appears to be fairly strongly entrenched and stands a good chance of surviving until the next general election in 1981. But although he has been in power for over a month he has not yet taken any steps in the economic field, which has disappointed the business community here.

There has been an abundance of statements and scores of meetings behind closed doors. But virtually nothing concrete has emerged.

It is generally believed that Mr. Ecevit is waiting for the budget, expected to be completed by the beginning of March, to unveil his programme of economic austerity measures. How severe or all-embracing these measures will be is not known. Neither is it known whether the negotiations with the IMF will be undertaken before or after these measures are adopted, although there have been hints that they may be afterwards.

What the business community here wants is wise but radical economic measures. The time has long since passed when the Turkish economy could jog along with palliative measures. Years of neglect have caught up with the economy and many old structural problems have reached proportions of severe crisis requiring equally austere treatment. Economic austerity will need to be accompanied by structural reforms, including radical improvements in bureaucratic procedures. An industrialist in Istanbul told me that he had to fly to Ankara 24 times before he could obtain approval for a $1.5m. loan to buy machinery. This was not unusual, he said.

Many industrialists and bankers in Istanbul do not appear to have a high regard for Mr. Ecevit as an economist. They claim he lacks experience and insight, is not pragmatic, and has many plans which cannot go beyond dreams. They also criticise his choice of ministers and bureaucrats replacing those of Mr. Demirel in key positions. They say the choices are too rigid and hostile to private capital.

Mr. Ziya Muezzinoglu, the Minister of Finance, brushes these accusations aside. He told the Financial Times that "very soon" the Government's stability measures would be launched and that the Government had worked on them ceaselessly since coming to power.

"We are going to establish a healthy economic order and restore the confidence of the international community," he said. Top priority would be attached to cutting down the speed of inflation.

One of Mr. Ecevit's biggest assets is that he is widely popular and enjoys the faith of millions of people. The popularity which he gained when he sent the Turkish army to Cyprus in 1974 has survived. He can very easily use this strength particularly now that he is in the beginning of his rule, to push through the painful measures which will sooner or later be forced upon him and still win an election.

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AMERICAN NEWS

New York municipal unions seek large rises

By John Wyles

NEW YORK, Feb. 14.

LEADERS of New York City municipal unions have set the scene for a possibly explosive confrontation in the spring by adopting demands for pay rises of up to 12 per cent.

The size of the demands reflects city employees' pent-up frustrations at the end of a two-year contract which provided only cost of living increases. However, the response to their pay claim will be framed by a mayor who was elected on a platform hostile to union demands and who has since framed a budget with a $458m. deficit which makes no provision for employee pay rises.

Moreover, the city administration firmly believes that its prospects of winning more federal aid to continue the fight against bankruptcy could be mortally affected by granting substantial pay rises. The struggle for federal support is already an uphill one following last Friday's Senate banking committee report that no further federal monies will be needed by New York after June 30.

If the committee's view were ultimately to prevail, then Mayor Koch's entire strategy for restoring the city's financial health would be undermined and the administration would face the choice of either savage cuts in services or possible bankruptcy.

The difficult choices facing Mayor Koch seem to be appreciated by senior leaders of the municipal unions but increasingly their members appear to feel that they have made all of the sacrifices that can be reasonably expected.

Major contracts expire on April 1 and the possibility of a strike by bus and subway workers has already been floated for some time. But other groups, including sanitation department employees, are also making militant noises and the prospect of a widespread shutdown of city services cannot be ruled out.

The most that the Koch administration appears willing to consider at the moment is a new contract in which any pay rises would be funded out of increased productivity. However, the cost of living increases in the 1975 contract were supposed to be self-financing through productivity improvements, but the reality is that they have become an increasing burden on the city exchequer.

Special case claims are already beginning to emerge. New York City's new Police Commissioner, Mr. Robert J. McGuire, has called publicly for a significant increase in his men's pay and a break in arrangements which traditionally fix sanitation men's basic pay at 90 per cent. of that of a policeman.

Mr. McGuire's call has infuriated the Deputy Mayor for Finance, Mr. Philip Toia, who stressed that there is no money available for significant increases for any city employees.

Massey-Ferguson dividend cut possible; SEC seeks postponement of effect of securities industries law: Financial General Bankshares stock suspended; and other U.S. company news, page 36.

Power crisis brings Carter call for new coal talks

BY JOHN WYLES

NEW YORK, Feb. 14.

PRESIDENT Carter to-day put the authority of the White House behind an appeal to both sides in the coal industry to resume their attempt to negotiate an end to the 71-day strike by members of the United Mineworkers' Union (UMW).

His move was prompted by the growing threat of electricity cuts which could disrupt major industries, particularly motor manufacturing in Mid-Western and eastern states.

Before making his "personal and most urgent" request for fresh negotiations, Mr. Carter had heard a report on the growing energy shortage in some states from Mr. James Schlesinger, the Energy Secretary. Mr. Ray Marshall, the Labour Secretary, also told the president of his efforts over the last 36 hours to bring the two sides together again, including two meetings with union leaders and one with coal employers' representatives.

From the tone of the President's announcement, and from the fact that he asked for an immediate resumption of talks, it would appear that Mr. Marshall was having no great success. This was borne out by a letter to-day from the coal employers' association to the union, which made no reference to new talks and urged the UMW bargaining council to reconsider its rejection of the employers' contract proposals.

Mr. Carter's appeal, which Mr. Mashall is to convey to employers and the union this evening, included an invitation for the two sides to negotiate at the White House—a throwback to the time of the Johnson Presidency, when several national negotiations were brought into the White House.

There is little that the White House can do beyond maximum persuasion. The President was non-committal on the subject of invoking the Taft Hartley Act to try to force the miners to return to work for 80 days while negotiations are held. The union has ignored three such injunctions since 1948 and the Administration fears that they might do so again.

A complicating factor is that the rejected contract is proving a rallying issue for the enemies within his own union of Mr. Arnold Miller, the UMW president. As more details of the proposed contract emerge, it is becoming clear that he has lent his support to various provisions which strike at things held dear by large sections of the union.

As they try to bring about his resignation, critics of the leader are stressing his acquiescence to the possible imposition of financial penalties against, and dismissals of, wildcat strikers, a diminution of health and welfare provisions, and the elmination of pay rises linked to increases in the cost of living.

That Mr. Miller should be found out of step with many of the union members is partly a result of secret bargaining which excludes most of the local union leaders.

Warnings of the potential seriousness of the power shortage came to-day from the car companies. General Motors, Ford and Chrysler warned that their car output could be seriously hit by the end of the month.

Chrysler said that its entire production would be stopped if key suppliers in Ohio were shut down by the increasingly critical shortage of coal there. Ford thought that some plant closures would be inevitable if supplies manufactured in Ohio were to cease.

Meanwhile, the states of Indiana and West Virginia have become the first to introduce mandatory reductions in the use of electricity. In Indiana, the reductions are being implemented by utility companies with a supply of coal for fewer than 40 days. Once stocks fall below the 30-day level, widespread industrial closures will be imminent. In West Virginia, industrial lay-offs totalling up to 25,000 are thought likely by the week-end.

In Ohio, stockpiles vary from being enough for 34 to 60 days and mandatory power reductions are being considered for when supplies drop below the 30-day level. This could happen as soon as next week for some utility companies.

Payments inquiries over Miller

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Feb. 14.

WIDENING investigations into the relationship between Textron and its former Iranian agents are threatening to delay further the confirmation of Mr. G. William Miller, the chief executive of Textron, as new chairman of the Federal Reserve Board.

The Administration is still hoping that the Senate Banking Committee will approve the nomination shortly after Congress reconvenes next week. If that happens, there is also the chance that the full Senate will interrupt briefly its debate on the Panama Canal treaties for a conclusive vote on the new Fed chairman.

The present inclination of the committee and the full Senate would be to endorse Mr. Miller, who gave an impressive performance last month at the initial confirmation hearings.

But there is also a strong feeling on Capitol Hill that the whole confirmation process should not be too perfunctory.

Consequently, two parallel investigations into Textron's Iranian connection—one by the staff of the Banking Committee and another by the Securities and Exchange Commission (SEC)—are now being accorded considerable significance. It is likely that the Senate hierarchy will wait to see what these probes produce before proceeding with the nomination.

The committee's main interest lies in ascertaining whether Mr. Miller knew that the Iranian agency employed by Textron's Bell Helicopter subsidiary was controlled by an Iranian general who was also serving in the Government in Tehran.

At the hearings last month, Mr. Miller acknowledged that Bell had paid the agent $2.9m. in 1973 in order to facilitate a $500m. helicopter order. But he characterised this fee as being a relatively inexpensive commission and a termination payment for previous services rendered by the agency. Mr. Miller also said that he was unaware that the agency, Air Taxi, was headed by an Iranian military official.

Yesterday the committee heard evidence from the former Bell agent who was displaced by Air Taxi, that it was common knowledge in Tehran that the Iranian firm was controlled by Gen. Mohammed Khatemi, and that senior Bell officials were aware of the relationship.

The SEC investigation centres on whether Textron improperly failed to disclose full details of the payments to Air Taxi. In his testimony, Mr. Miller said that the payment had not been charged up as part of the overall contract with the Iranian government, and that relevant U.S. military officials knew it had been paid. But he also admitted that the fee had been used as a business tax deduction in Textron's accounts.

Reuter adds: The Federal Reserve Board said that it has postponed the next meeting of the Open Market Committee by one week to February 28. It attributed the delay to administrative matters associated with the transition of the Fed chairmanship from Dr. Arthur Burns to Mr. Miller.

Trudeau insists on wage monitor

BY VICTOR MACKIE

OTTAWA, Feb. 14.

MR. PIERRE TRUDEAU, the Canadian Prime Minister, has rejected opposition from the provinces, at the economic conference here, to the federal plan to establish an agency to monitor wage and price increases after compulsory controls are removed in mid-April.

He said that some version of the federal monitoring agency would be created, sought to allay fears of the ten provincial premiers present by adding that the agency would have no power to investigate wages or prices set by the provinces.

The provincial premiers agreed on one point that the federal government must do more to encourage investment which creates jobs. But they differed sharply on a suitable strategy for the federal government.

From the second day of the three-day conference to-day there emerged some of the right-wing sentiment which appears to be sweeping the country. It is causing New Democratic Party MPs concern as they fear that, in the next federal election, the swing to the Right could lose them much support. While specific resolutions will be presented later in the meeting, the federal and provincial leaders' appeared to be approaching agreements to restrain the growth of government and to tie the pay and other benefits package in the public sector to that in the private sector. Increases in government spending and growth of the bureaucracy emerged the main economic agres in Canada as each premier addressed the conference.

The way they were—police face anti-war protesters at Minnesota University in 1972.

U.S. campus radicalism withers

BY EUGENIE MAECHLING IN CAMBRIDGE, MASSACHUSETTS

TEN YEARS after the student rebellions at Colombia and Harvard, radicalism is conspicuously absent from U.S. college campuses. Compared with their older brothers and sisters who demonstrated against the Vietnam war as well as the college administration, this generation seems apathetic and apolitical. Instead of fighting the establishment, students are competing to join it.

Several factors have contributed to this change of attitude. Many of the issues in education which were associated with the general protest against the war have been resolved. Life-styles which symbolised a rebellious attitude toward society ten years ago have become respectable. Instead of dropping out, many students now take either time off during their course or a year out before entering college in order to work or travel.

Curriculum reform was one of the major objectives of student activism in the sixties. Criticising the traditional liberal arts degrees as irrelevent to current social and political issues, undergraduates sought the right to play an immediately active role in society. Ironically, the consequence of this demand for involvement has been the rise of a new professionalism in college education.

To-day, students not only take courses in preparation for medical school (traditionally called pre-med) but those which they describe by analogy as pre-business and pre-law. The students themselves are treating their undergraduate education as if it were pre-professional and many educators agree that the liberal arts degree should be replaced by a series of training programmes similar to courses in British universities. Unlike a British BA, in law or economics, a college first degree in the U.S. is rarely sufficient for entry into business or the legal profession, however.

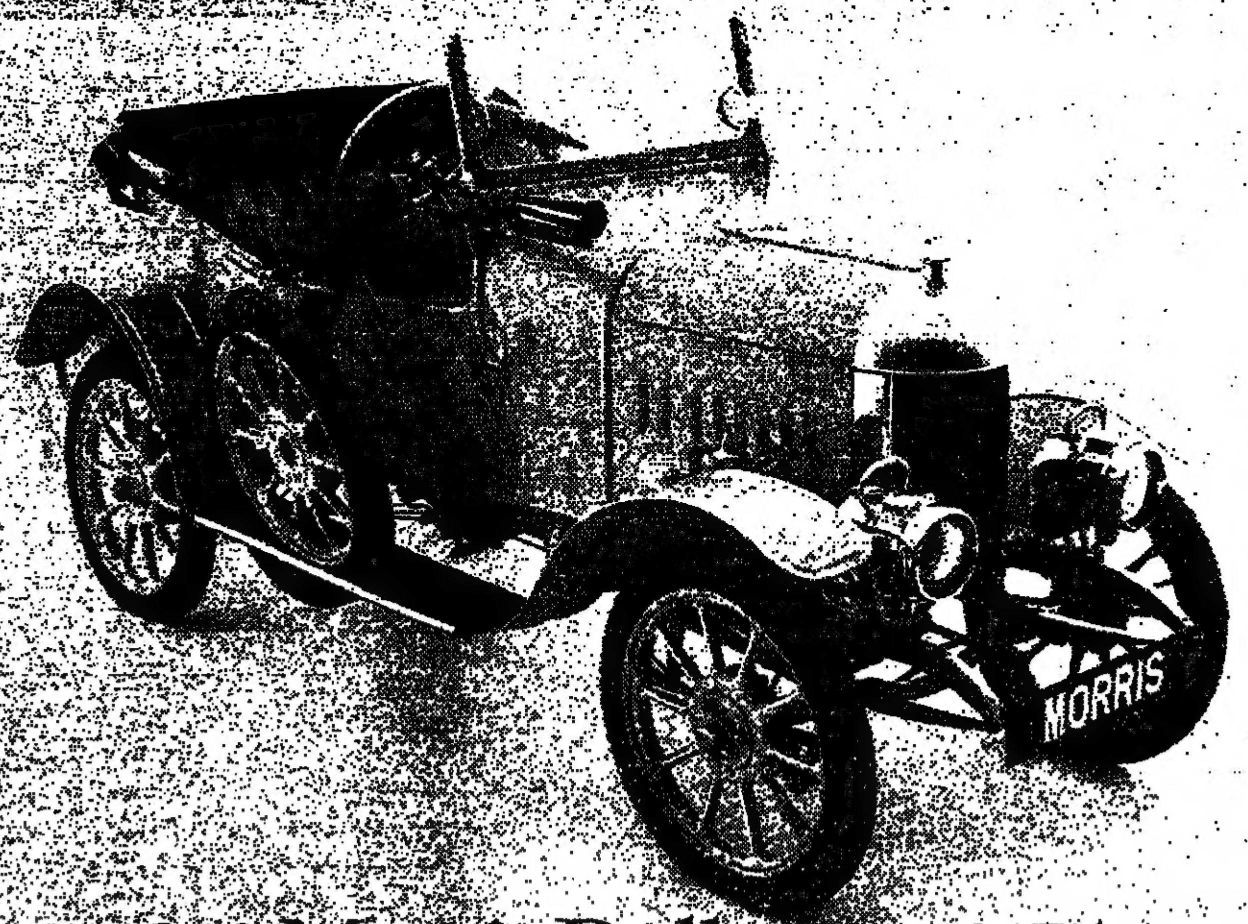
Degrees in business studies have become increasingly popular: the entire field of newspaper and magazine publishing has, for example, become so complex that business degrees are being sought in the ndustry.

As both business graduates and lawyers expand into occupations which previously were open to candidates with only a BA, the pressure to enter graduate programmes has forced undergraduates to compete more than ever for grades and recommendations. But the student, rather than the economy, has determined this pattern in higher education. Few take the gamble of entrepreneurship. Most choose the big law firm, the corporation or the hospital that provide an easy transition from the institutional life in which they have already spent so many years.

In the Seventies, the original quest for relevance has evolved into a demand to fit into society rather than change it. As a result, U.S. education is resurrecting a system all too reminiscent of the medieval faculties of law, medicine and theology. But does society have room for them? The American Bar Association has been optimistic that there will continue to be enough jobs to absorb the 30,000 graduates of Law schools each year. But simultaneously there are roughly half as many entry-level positions in the legal profession. Yet even with statistics like these, students still feel that law is one of the only secure professions.

While the campuses are quiet, the roots of future trouble have not withered. The rising cost of education and the actual lack of job security at the end of six or seven years of university training are persistent sources of frustration.

Since their own position within the campus status quo is being threatened, the administrators may soon revive the radicalism that has been dormant in the universities since the end of the Vietnam war.



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S. Africa to proceed with uranium enrichment plant

BY DAVID FISHLOCK, IN LONDON, AND QUENTIN PEEL, IN JOHANNESBURG

FEARS that the U.S. Government will not fulfil its contracts to supply enriched uranium have prompted South Africa to go ahead with its own plans for a uranium enrichment plant to supply its nuclear power stations, the South African Government has confirmed.

Mr. S. P. (Fanie) Botha, Minister of Labour and Mines, confirmed that South Africa would be expanding its pilot uranium enrichment plant at Valindaba to meet the country's needs "during the course of time."

The U.S. has been withholding supplies of uranium for enrichment at South Africa's small research reactor for 30 months.

The State-owned Electricity Supply Commission is building South Africa's first nuclear power station, of 2,000 MW, at Koeburg, near Capetown, the first reactor for which is scheduled for completion in 1982.

The Financial Times reported late in December that a major contract had been placed with the company which originally constructed the pilot enrichment plant, for further work at Valindaba, near Pretoria.

Yesterday's announcement stated that the pilot plant was being expanded to meet domestic enrichment requirements, but would not enrich for export.

South African Foreign Minister Pik Botha said yesterday talks with Western powers on a South West Africa (Namibia) settlement were not deadlocked. Diplomatic sources in Cape Town said the discussions could be expected to resume soon, Reuter reports.

Since 1976, South African uranium supply contracts with overseas customers have included a clause stipulating that the fuel would be supplied enriched provided the South Africans were in a position to supply it at prices competitive with the international enrichment market.

The Government statement stresses the strategic importance of electricity to South Africa, and the need for it to be independent of overseas energy supplies.

Enrichment for the Koeburg station had been ordered from the U.S., for initial deliveries in 1981.

Mr. Botha's statement, although disclosing no details of size or timing of the new plant, indicates that it will fall far short of the 5,000-tonne commercial plant formerly envisaged. The Government has failed to find an overseas partner to share the market and the heavy investment required in a process developed by the SA Atomic Energy Board. Britain was among a number of countries that were approached without success.

However, the industrial task of expanding Valindaba from pilot scale of a few tonnes a year to a scale of perhaps a few hundred tonnes will still be a major undertaking. It is unlikely to deliver sufficient enrichment for Koeburg's first reactor on the timescale originally negotiated with the U.S., namely for fuel deliveries by 1981.

Rhodesian war swells spending

By Tony Hawkins

SALISBURY, Feb. 14.

THE RHODESIAN Government to-day announced a £32m. increase in public expenditure, taking the 1978 budget deficit to almost £100m. Supplementary estimates presented in the Rhodesian parliament this afternoon cover the rising cost of the war, substantial extra assistance to the agricultural industry and a large government investment in the troubled iron and steel industry.

War and war-related expenditure will increase by £7.6m. to about £176m. or £480,000 a day. But the major increases are a further £13m. on agricultural subsidies, which will now total £87m. this year and £12m. for the iron and steel industry.

The Government is both providing a further grant to the Rhodesian Iron and Steel Company—which has now had £24m. from Government in the past two years—as well as increasing its equity stake in the group to 49.7 per cent.

Meanwhile the four delegation leaders at Rhodesia's internal settlement talks will hold a private meeting to-morrow aimed at breaking the deadlock over the issue of separate white voting rolls. After a two-and-a-half session to-night, delegates reported that the talks remained stalled on the question of how the 28 white representatives in a 100-seat Parliament should be elected.

Reuters adds from Lusaka: The two wings of the Patriotic Front guerilla alliance have drawn up plans for a single political party and a joint army under a common high command, senior nationalist sources said to-day.

Mengistu threatens break with Western countries

BY JAMES BUXTON

ADDIS ABABA, Feb. 14.

ETHIOPIA'S Head of State Lt.-Col. Mengistu Haile Mariam to-day warned the U.S., Britain and West Germany that diplomatic relations would be in danger if they continued their present policy which he claimed supported Somalia in its war with Ethiopia over the Ogaden.

Col. Mengistu said that the U.S. was arming Somalia by proxy and that the Nato countries had supported Somalia's alleged aggression against Ethiopia to bring down the revolutionary Government.

Unless the U.S., Britain and West Germany changed their policy, he said, "maintaining diplomatic relations with them becomes totally meaningless."

The U.S., Britain, France, Italy and West Germany have called for a negotiated settlement to the war. Last week-end, Mr. Cyrus Vance, the U.S. Secretary of State, called for Somali troops and Russian and Cuban military personnel to withdraw.

Appearing calm and confident, Col. Mengistu derided the call for negotiations and criticised the Western countries for not condemning Somali aggression.

Col. Mengistu said there was confirmed evidence that Egyptian troops were fighting alongside Somali forces but he did not say what the evidence was.

Replying to a question about Soviet and Cuban advisers, he said they were helping Ethiopia to master its new weapons acquired from the USSR and other countries.

David Bell writes from Washington: Soviet pilots have begun flying missions in Cuba, while Cuban pilots are aiding Ethiopian forces in their counter-attack in the Ogaden against Somalis, according to reports here.

Differences at Sydney conference

BY KENNETH RANDALL

SYDNEY, Feb. 14.

THE FIRST sharp differences emerged to-day between Commonwealth leaders attending the Asia-Pacific Heads of Government meeting. Australia's Prime Minister, Mr. Malcolm Fraser, failed to rally the meeting in support of his recent sharply-critical line on EEC trade policies, and Mr. Lee Kuan Yew of Singapore made it clear that the region looked to Australia for a lead in trade liberalisation.

Officials described the exchange of views as "cordial" inspite of its frankness, but it was not a good omen for the Australian leader's hopes of the regional meeting. Mr. Robert Muldoon, of New Zealand dealt them a further blow by declaring publicly that he doubted the need for any new regional institutional arrangements.

The mini-states of the Pacific remain enthusiastic for development of a new channel of regional cooperation.

Zambia may face problems meeting debt obligations

BY MICHAEL HOLMAN

LUSAKA, Feb. 14.

UNLESS THE International Monetary Fund (IMF), whose delegation arrived in Lusaka today, provides substantial assistance Zambia will face severe difficulties in meeting all her external debt servicing obligations in 1978.

This conclusion is based on the World Bank's "economic report" on Zambia of last October and developments since then, notably arrears in import payments and remittances, which have more than doubled to well over Kwacha 400m. since the bank's estimate dated January 1977.

At the same time, the slump in copper prices has been longer than expected, and last year's estimated copper production of 650-680,000 tonnes is below both the bank's forecast of 700,000 and the original expectations of Zambia's economic planners.

A further factor which must strain short-term foreign exchange earnings is the sharp fall in copper shipments through Dar es Salaam in the last quarter of 1977—125,000 tonnes compared to the normal quarterly sum of 165,000 tonnes.

The World Bank report does not directly comment on Zambia's ability to meet foreign debt obligations this year. But much of the data, taken with developments over the past 12 months, gives a disturbing picture.

The Bank notes that in the past the debt service ratio has been low—below 3 per cent. until 1970, rising to 8.6 per cent. in 1975 and 9.1 per cent. in 1976. Large capital requirements and a relatively slow mining growth rate are expected to push the ratio higher.

At the same time, the loan terms have been shifting "significantly," says the Bank. The grant element has fallen, while Zambia has been relying more heavily on loans from commercial sources.

The share of suppliers' credits and private commercial banks in Zambia's outstanding debt rose from an insignificant level of 2.4 per cent. at the end of 1965 to 33.5 per cent. at the end of 1976.

Figures in the report indicate a steep rise in commitments over a period when copper receipts which comprise 95 per cent. of Zambia's foreign exchange earnings, are falling, they suggest that since the end of 1976 Zambia has had to strain to meet her debt servicing obligations. In 1977, debt outstanding is estimated by the Bank to have climbed to $1.27bn. Amortisation that year was estimated at $119.7m. and interest at £66.2m.

Zambia's Constitutional and Statutory Vote (CS) provides for debt servicing, defence, pensions and smaller miscellaneous items. The Bank's figures on the total of amortization and interest payments as a percentage of CS spending, at 54.2 per cent. in 1977 and 62.4 per cent. this year, seem intolerably high, though they are partly due to the government's heavy borrowing.

International commitments have been financed in a number of ways. One has been the steady increase in import and remittance arrears, to well over K400m. (K102.2m. in 1975)—in effect an unofficial forced loan.

This figure has been mounting in spite of severe import cuts that have forced Zambian industry, including the copper mines, to draw on their traditionally high level of stocks. These are now almost exhausted.

After a two-day stoppage in protest at the killing of a colleague by an armed gang in Ndola over the week-end, 300 expatriate miners at Nchanga Consolidated copper mines Rokana division in Kitwe are expected to return to work to-day, our Lusaka Correspondent reports. They met Government officials yesterday to express concern over a serious rise in armed robberies on the Copperbelt.

Information from one leading bank shows that overdue payments for sterling imports go back to January 1977. Remittances of dividends and profits in sterling were last made in August 1976, and the wait for U.S. dollars goes back to June 1976.

It is acknowledged that this delay shakes international confidence. However, at senior Government level it is stressed that a long and sometimes bitter debate between what have been called "doctrinaire socialists" and supporters of a mixed economy has been resolved in favour of the latter. Hence the introduction last year of the industrial development act which provides more favourable terms for outside investors."

Zambia has also financed its commitments by running down its foreign reserves. Net foreign assets of K382m. in 1970 dropped to minus K115m. at the end of 1976, and this year's economic report from the Ministry for Development Planning for the first time omits information on net foreign assets.

It is also thought that certain debts have been rolled over, although only one example is available. In July/August, 1976 Zambia received one-year loans from three U.K. banks—Barclays ($25m.), Standard ($25m.) and Grindlays ($10m.). Last August Standard and Barclays each rolled over $20m. and Grindlays $7m.

Under these circumstances IMF assistance is regarded as urgent, but there is considerable debate about the likely terms. Last month's budget saw cuts in recurrent and capital expenditure in spite of a 20-25 per cent. inflation rate, but supplementary estimates last year amounted to 8 per cent. of the original budget, and economists wonder if this will happen again in 1978. The high level of defence spending within the CS vote is also a matter of concern.

The IMF will also want to study the report of the Committee on ways to cut production costs in the 51 per cent. state-owned copper mines. The report was delivered to President Kaunda earlier this month.

Costs now amount to over K1,000 per tonne. The price of copper is under K950. The mines consume two-thirds of the foreign exchange they earn. Some mining authorities say certain divisions should be closed, with about 5,000 redundancies amongst the 59,000 work force.

According to the Bank, 19 per cent. of Zambia's $957.2m. debt outstanding and disbursed at the end of 1975 was an obligation of the mines. In 1974 the figure was 4.6 per cent.

Estimates of possible IMF assistance range from 200m. to 400m. in SDRs. Some observers believe that a likely strategy is for the bulk to go towards reducing import and remittances arrears to six months—a tolerable trading level—and allowing manufacturers to replace stocks.

This may be little more than a holding measure until copper prices improve. But it is also hoped that the IMF "imprimatur" on Zambia's handling of the crisis will restore international confidence. In the meantime Dr Kaunda will have to retain the confidence of his electorate, who go to the polls in presidential and general elections at an unspecified date later this year.

INDONESIA

Suharto confronts renewed pressures

By Guy Sacerdoti in Jakarta

PRESIDENT SUHARTO of Indonesia (above) appears to have won a decisive battle against domestic critics of his 12-year military-backed regime. Although his re-election in the country's "People's Assembly" this March is all but assured, recent clampdowns on the Press and student criticism have dealt Indonesia's political development a severe blow.

As poster-carrying demonstrators took swipes at the President's alleged family favouritism in business, continuing Government corruption, and the "mere facade" of parliamentary representation, Suharto's military backers lashed out late in January and arrested over 200 student leaders. At the same time, the Government muzzled the domestic Press, temporarily banning seven of Jakarta's leading newspapers, for allegedly exaggerated reports of student activities.

Graft

The Government claimed that the repressive measures were "preventative," aimed at avoiding possible repetition of the so-called "Malari" riots of January, 1974, when student-led Jakarta youth took to the streets to protest against Government graft, unequal distribution of wealth, and the lack of controls to "Indonesianise" foreign business.

But there was a distinct difference this time around. With the Presidential elections fast approaching, Suharto's personal anger was ignited as he read in mid-January the blunt statement of students in the West Java capital of Bandung: "We do not support Suharto, nor wish Suharto to return as President of the Republic of Indonesia."

The statement was only the preface to the so-called "White Book," in part a scathing political treatise and in part a critique of government development strategies. On the political front the pamphlet attacked the parliament as non-representative and impotent while citing the haphazard use of law as indicative of elite favouritism and plain social injustice.

Factions

Although signed and distributed by the students Suharto and the army were more concerned by intelligence reports claiming that the basic data for the pamphlet came from non-student sources Suharto thought that this pointed to three basic factions: the Moslems, former "leaders" of past student movements, or, from his own back yard, disenchanted generals.

There was no direct proof of outside influence, and critical elements of all three outside groups overlapped, so Suharto was left with little choice but to crack down on the students, thus freezing his more vocal adversaries. No one with any view to a political future in Indonesia would speak out and thus be connected with the student "plot."

Like Thailand and the Philippines, Indonesia is convinced of the merits of development based on western economic foundations. But nationalist pressures domestically, and a myriad of political groupings, create what the respective governments term "security risks" in edging towards democratic political institutions.

After Indonesia destroyed its growing Communist Party in the mid-sixties, the military rose above party bickering and simply took over politics.

Despite Indonesia's improved both economic and political stability, Suharto's military supporters remain sceptical of any new political freedoms. Yet they realise the inevitability of "succession."

Recent criticism has weakened Suharto's credibility, so it is doubtful whether he would last a full five-year third term as President. Thus the military had to decide whether the succession issue should be confronted during the parliamentary elections this March.

As student attacks on the President's family angered Suharto personally, the decision to retaliate came from the top. With critics silenced, the President's re-election by consensus (he will run unopposed) is assured and the issue of succession is forestalled.

ON OTHER PAGES

W. German imports of U.K. goods up by 18%

BY GUY HAWTIN

FRANKFURT, Feb. 14.

BRITISH EXPORTS of wholly manufactured goods to West Germany during the first 11 months of 1977 went up by nearly 18 per cent.—far steeper than the average 7 per cent. increase in the Federal Republic's non-petroleum imports bill.

Depressingly, however, West German shipments to the U.K., almost all goods in the same category, went up by an even greater 20.3 per cent.

Among the sectors that have shown particularly promising export growth for the U.K. are clothing, motor vehicles, mechanical handling equipment, pharmaceuticals and cosmetics. Clothing sales went up by 53.7 per cent. to DM159.8m., although Britain's share of the West German imports market in this sector still remains a tiny 1.7 per cent.

Despite British Leyland's problems motor sales (which include a very high proportion of components) advanced by 27.6 per cent. from DM594m. in the comparable period of 1976 to DM757.8m. At the same time the share of West German motor imports market increased from 6 per cent. to 6.6 per cent.

Exports of mechanical handling equipment rose by a stunning 91.6 per cent. from DM3.3m. to DM63.8m., while Britain's share of the Federal Republic's import market in this sector advanced from 6.1 per cent. to 16.7 per cent. Cosmetic shipments went up 34.9 per cent. to DM42.7m. with the market share increasing from 12.3 per cent. to 14.5 per cent.

Pharmaceutical exports rose by 16.2 per cent. to DM180m. while the market share increased from 8.9 per cent. to 9.2 per cent. In the soap and man-made fibre sector exports also showed substantial growth in a rather flat overall market. They rose by 39.5 per cent. to DM116.5m. and their share of the import market advanced from 3.8 per cent. to 4.7 per cent.

However, total British exports —which went up by 22 per cent. during this period from last year's DM7.74bn. to DM9.44bn.— received their greatest boost from North Sea oil.

Crude petroleum shipments during the period hvae grown by 396 per cent. from DM157.7m. to DM781.7m. At the same time Britain now controls 3.6 per cent. of Germany's petroleum imports —this is a far cry from last year's 0.7 per cent.

Industrial semi-manufactures on the other hand showed a slight decline, falling by 0.6 per cent. from DM1.32bn. to DM1.31bn. The market share dropped slightly from 4.2 per cent. to 4.1 per cent.

Leading the declined was a 27.5 per cent. drop in exports of nickel; both crude and alloys, from DM96m. to DM69.6m. Britain's share of the West German market in this sector fell from 18 per cent. to 17.5 per cent. but the decline reflects the general weakness of the nickel market more than anything else.

Dutch surplus down

BY CHARLES BATCHELOR

AMSTERDAM, Feb. 14.

HOLLAND'S trade surplus with West Germany fell by more than half in 1977 on practically unchanged exports and higher imports, the Netherlands-German Chamber of Trade said.

Figures for the whole of 1977 are not yet available but developments in the first 11 months indicate a surplus of about Fls.3.3bn. compared with Fls.7.6bn. the year before.

Exports to Germany, Holland's largest trading partner, rose 0.3 per cent. to DM.28bn. in the first 11 months of 1977 whereas price rises alone should have led to an increase of 3 per cent.

Holland's performance was also below average when compared with other countries since total German imports rose 6.6 per cent.

However in some sectors, notably livestock, flowers and bulbs, dairy produce, vehicles and plastics, good levels of growth were recorded.

German exports to Holland rose 11 per cent. to DM.25bn. in the first 11 months of 1977 compared with a 6.6 per cent. increase in total German exports. Machinery and vehicle exports were particularly high.

The disappointing export figures for Germany are bound to increase concern in Dutch industry at Holland's stagnating export performance. The Chamber of Commerce said it is willing to support greater Dutch participation in German trade fairs and more market research.

Swiss decision on watch design

BY JOHN LLOYD

THE SWISS watch industry will continue to concentrate on the production of mechanical watches for the next five years though the industry agrees with forecasts which predict that quartz watches will account for two-thirds of the world watch market (by volume) by 1982.

Mr. Pierre Renggli, president of ASUAGO the largest Swiss watch manufacturers' association, said yesterday that the Swiss watch companies could not compete with cut-price mechanical and quartz watches, especially those manufactured in the Soviet Union, Japan and the Far East.

The companies had thus decided to concentrate, for the most part, on the middle and upper end of the market.

Last year, the Swiss watch industry exported 66m. watches, of which only 4.3m. were quartz of various kinds, 32m were jewel lever watches, and 29m. were pin lever. However, by value, the jewel lever watches were worth £500m., the quartz worth £90m. and the pin levers worth £80m.

Mr. Renggli said that it was clear that the industry could not now try to do everything in the market.

The rationalisation of the industry over the past ten years had slimmed down the number of companies from over 1,000 to less than 500, and reduced the number of employees from 85,000 to 50,000. The work of rationalisation would continue, but there would be little need for further lay-offs.

By the early 1980s, the Swiss would be strong in the "quartz analogue" (an electronic watch with a conventional face), which would account for one-third of the output and was estimated to account for one-third of world sales.

But most of the remaining output would be mechanical watches, with only five to ten per cent. being quartz digital watches.

Mr. Renggli said that while people in advanced industrial countries were turning to quartz watches, there would still be a large market for mechanical watches in less developed countries. The quartz analogue would probably prove more popular than the digital display in the long term.

Texaco in ME tanker deal

Financial Times Reporter

TEXACO MARINE Investments has formed a joint oil tanker company with Saudi Arabian interests.

Control of the company will be in the hands of the Saudi Real Estate Investment Company which shares with two individuals a 51 per cent. stake.

Texaco Marine Investments, a wholly owned subsidiary of the oil company, takes a 49 per cent. share. Two 200,000 ton tankers have been purchased from another Texaco subsidiary for the company and will trade under the name of Saudi International Petroleum Carrier (SIPCA).

The initial capitalisation of the company is 12m. riyals (£1.8m.) and its headquarters will be in Riyadh.

This is Texaco's first joint shipping venture in the Middle East. It follows a number of similar enterprises by other oil companies

Vosper seeks aid abroad

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

VOSPER, the privately owned shipbuilder with construction facilities in Singapore, is seekng credit terms from the Singapore Government comparable with those available from the British Government to U.K. shipbuilders.

Sir John Rix, chief executive of Vosper since his resignation earlier this month from Vosper Thornycroft, from which Vosper was hived off as a result of nationalisation of the industry last July, said yesterday that he intended to place the Singapore yard in a fully competitive position with the British yards.

He said the Government's response had been encouraging and he was hopeful that warship builders in Singapore would eventually be granted access to credit terms similar to those recently made available to its merchant shipbuilders.

This would involve credit guarantees of the kind provided by the U.K.'s Export Credits Guarantee Department, which for the most part are set within guidelines of the Organisation for Economic Co-operation and Development at 70 per cent. of the capital involved over seven years at 7.5 per cent.

Sir John said Vosper would concentrate for the time being on building patrol boats, for which there was a large international market. "I believe that there is room for us as well as for the other patrol boat builders," he said.

The yard is also capable of building corvettes, but not frigates, and its existing order book includes oil survey ships and customs launches.

'Invest in Britain'

AN APPEAL for more French investments in the U.K. was made to-day by Mr. Alan Williams, Minister of State at the Department of Industry, at an "Invest in Britain" seminar organised at the British Embassy in Paris.

ECGD backs Yugoslav contract

THE Export Credits Guarantee Department has backed the repayment and funding for a $14.9m. loan to finance a major part of the aromatics complex contract won by Foster Wheeler in Sisak, Yugoslavia, writes Kevin Done, Chemicals Correspondent.

Foster Wheeler has won the contract for the engineering design, procurement and assistance in construction of an aromatics complex for INA Rafinerija. Overall, the complex will cost about $40m., of which the value of U.K.-supplied equipment and Foster Wheeler's engineering services amounts to about $17.5m.

Fears on imports of Argentine cloth

BRITAIN'S WOOL textile industry could soon seek restrictions on the imports of Argentine cloth into this country. Officials are concerned about the dramatic rise which took place last year and, if this continues this year, they may ask the Government to operate new procedures which could put the import of the Argentine product under quota on the grounds that they could be disruptive.

Davy wins £10m. Brazilian order

Davy Ashmore International has won a further order for the large integrated iron and steel works now being established near Belo Horizonte in Brazil by Aco Minas Gerais (ACOMINAS). This latest order, valued at over £10m., is for the design and supply of the structural steelwork for the large buildings required for the rolling mill plant of the new steelworks complex. The contract was negotiated in conjunction with Redpath Dorman Long, the subsidiary of British Steel Corporation.

$600m. award

A $600m. contract for construction and installation work on an automatic telephone system in Saudi Arabia has been awarded to the Dong Ah Construction Industry of Seoul, Korea. The contract, which will add 470,000 lines to Saudi Arabia's existing telephone network, is the largest single contract ever won by Dong Ah, which will act as principal sub-contractors to L. M. Ericsson and Philips who are the main contractors for the first two phases of the project.

ME hotel plan

Brent Walker, the British leisure and property group run by former professional boxer Mr. George Walker, is to add a third hotel development to its Middle East chain, John Brennan writes. The group is to design, build and manage a $30m. (£15.4m.) hotel in Alexandria on Egypt's Mediterranean coast. Finance for the development, as for the group's £11m. El Sham Hotel in Heliopolis, Cairo, and for a proposed £20m. hotel development in Baghdad, comes from the Kuwaiti investment group Artoc.

New Renault

THE STATE-OWNED motor manufacturer Renault has moved another step towards the rejuvenation of its range of cars with the announcement of the Renault 18 which will go on sale in two months' time. Available in 1400 and 1650 cc versions the immediate aim of the car will be to increase competitivity in the middle of the range, in particular against the recently-launched Peugeot 305.

Japan-China deal

A Japanese business delegation arrived in Peking last night to sign a long-term agreement designed to boost bilateral trade by $20bn. over the next eight years. The agreement, the first of its kind between China and Japan, is to be signed on Thursday.

SOVIET CONTAINER TRANSPORT

Japan builds 'Siberian bridge'

BY DOUGLAS RAMSEY IN TOKYO

The Soviet Union is achieving a dominant position in carrying freight between Japan and Europe—thanks to Japanese companies which are helping to set up a highly-efficient trans-Siberian transport system.

JAPANESE PLANT exporters are supplying the Soviet Union with the wherewithal to build up an efficient and highly-competitive container transport network between Japan and Western Europe, and the Japanese shipping and container industries are alarmed.

Kawasaki Heavy Industries has nearly completed delivery of equipment for a $27m. container manufacturing plant and last week signed an agreement to supply the engineers who will supervise final assembly of the plant—the world's biggest—at Abakan in Siberia, about 60 miles west of Lake Baikal.

At the same time, Mitsui Shipbuilding and Engineering Company has announced delivery of a computer system to complete other Mitsui-made container-terminal facilities at the port of Vostochny near Nakhodka.

The Kawasaki deal, concluded in February, 1976, is by far the most important. Until 1977, the Soviet Union had to rely on imported containers (usually Japanese) for use in transport across the Siberian "land bridge." Last year, a West German company, Lubek, built the USSR's first container plant at Odessa capable of producing 5,000 units a year. Earlier, Kawasaki had won its bid against German and French competition for the huge 40,000-unit annual capacity plant at Abakan.

According to Mr. Yo Hattori, manager in charge of the Kawasaki project, the Abakan plant will be the largest in the world and equivalent to slightly more than the total output of Japan's biggest container manufacturer, Tokyu Sharyo, at its two plants.

Tokyu Sharyo, which relies on containers for 61 per cent. of its business, is the biggest producer in a Japanese industry which sold $120m. worth overseas in 1976 (about two-thirds to the United States). The container companies rightly see the Kawasaki plant delivered to the Russian company Prommashimport as a threat to further exports to the Soviet Union and, more importantly, to hard competition in Asian and other markets (notably Singapore, Hong Kong and Nigeria).

The importance of Kawasaki's Russian sale cannot be fully judged, moreover, except against the background of continuing discussions between the Soviet site transport company, Sojuzvneshtrans (SVT), three Japanese transport firms, and their respective Governments. SVT, Nippon Express, Nissin Transportation and Juro Container Transport have tentatively agreed to set up a joint venture called Nisatra to be 49 per cent. owned by SVT and the rest held equally between the three Japanese companies.

So far, the Japanese Foreign Ministry has withheld its authorisation because of fears in the Japanese industry that Nisotra might one day be awarded the monopoly for Siberian land transport between Japan and Europe where at least 16 Japanese transport firms are now allowed to work.

According to sources in the industry, the Nisotra venture was carefully planned and proposed by SVT on the assumption that Soviet container-handling standards would be put on a par with internationally recognised ones. The Odessa and Abakan plants will make containers of international standards widely available in the Soviet Union, and boost the compatibility of Siberian transport with the large volume of sea traffic which now is containerised.

Although officials at Kawasaki deny any collusion to get the Nisotra project off the ground, it is widely known in the industry that Kawasaki and Nippon Express (which stands to see its European business boom and is already Japan's biggest forwarder) have a link in the loose-knit group surrounding the Dai-Ichi Kangyo Bank (DKB), which holds a 4.7 per cent. stake in Kawasaki (its biggest shareholder) and a 4.6 per cent. stake in Nippon Express (the second biggest).

Put simply, there is some suspicion in the Japanese transport industry that Japanese companies are helping the Soviet Union set itself up with a dominant position in a much bigger and better-organised Trans-Siberian transport industry which has already grown since the early 1970s from carrying 1 per cent. to about 20 per cent. of all freight between Japan and Europe.

Containerisation of Russia's Far Eastern seaports and the ready availability of containers inside the Soviet Union would greatly improve the "land bridge" business which now benefits primarily from dirt-cheap prices for sea transport on Russian ships and similarly low prices for rail transport across the USSR.

"We know that some companies are unhappy because they will not be able to export as many containers, but if we did not deliver the plant the Germans or French would have," says Kawasaki's Mr. Hattori who has travelled to Russia 13 times in the past three years on the deal.

Almost all the machinery has been built in Japan by Kawasaki—although the container design itself is originally from a French company—and the company claims to have delivered some advanced automation machinery which is still being patented in Japan and elsewhere.

The 40,000-unit annual capacity plant will operate on a bare minimum of manpower because of the harsh Siberian climate, with two shifts of 250 workers each working 255 days a year. The plant should be completed 18 months after construction begins this May or June, and all construction labour will be provided by Prommashimport, with Kawasaki's 20 or so engineers acting strictly as supervisors.

HOME NEWS

Plea for workers caught in takeovers

PLEA for more considerate ...tment of workers caught up ...ompany take-overs was made ... three industrial law judges ...erday.

In practice and reality, when ...arge business is transferred ...n one owner to another, the ... in which the matter is often ...dled lacks personal con...ration of individual cases. There is a tendency to deal ... employees in categories and ...ses," said Mr. Justice Phillips, ...ident of the Employment ...eal Tribunal.

...is remarks came in an appeal ... the plight of 18 former ...loyees of Brentford Nylons, ... lost their jobs when the ...ile company's assets were ...n over by Lonrho.

...e decision to dismiss the 18 ... based on the instructions of ...ember of the Lonrho Board, ...ifying the employees ...n industrial tribunal held ... the 18 were entitled to ...pensation totalling £40,000 ... redundancy and unfair dis...sal. The question now at ...e was who paid.

...as the industrial tribunal ... Brentford was still the ...loyer at the time of dis...sal, the sacked employees ...ld get no unfair dismissal ...pensation, because Brentford ... had no assets. The tax...er would have to shoulder ... burden of redundancy pay. Lonrho was the employer. ...ever, it should pay up.

...e appeal tribunal made no ...ng on the question because ...ack of evidence, but allowed ...ppeal by the 18 and ordered ...h hearings on the issue.

...eanwhile, Mr. Justice Phillips ... Lonrho might like to con...r its "wider extra-legal ...onsibilities in the matter." ...e court ordered Lonrho to ... within 42 days, a statement ...ny steps it was prepared to ... towards satisfying the dis...sed employees' claims.

CBI will be tough over blacklists

BY ROY HODSON

IT WAS clear yesterday after two lively meetings of industrialists at Confederation of British Industry headquarters that the Confederation's leaders will have difficulty to-day in avoiding an outright rejection by members of the Government's plan to enforce pay policy through Whitehall contracts blacklists.

The full Grand Council of the CBI will have before it a set of skilfully worded recommendations designed to do three things: take the heat out of the row over pay sanctions. Avoid committing the CBI to co-operation with the Government over contracts blacklists. Continue to protect those CBI *member-companies which* depend for their existence almost wholly on Government work.

Attempts at some accommodation with the Government over the issue may be swamped by the force of opposition from the *floor*.

The strength of companies' feelings was first made apparent yesterday when Mr. John Greenborough, CBI president, and deputy chairman and managing director of Shell U.K. held a meeting of the "inner cabinet" on which the top companies in the U.K. are represented.

While supporting the end to which the Government is working, a reduction of inflation, the inner cabinet vigorously rejected the means that it is seeking to employ with its sanctions scheme.

Open-ended

This view came over even more strongly at the second meeting, attended by representatives of Britain's 100 top companies.

The companies wanted to know how they could possibly commit themselves in advance to taking up future Government contracts, and to observing future pay policies beyond Phase 3. They said that they would refuse to accept any such open-ended commitment.

There was almost unanimous concern on the proposed Government clause that would make the main contractors responsible for sub-contractors observing the pay code.

The Engineering Employers' Federation, which is leading opposition to the clause, appears to have the general backing of CBI members.

"The Government does not understand enough about industry to see how impossible this sort of requirement would be in practice," said one industrialist.

CBI members also showed themselves totally against the Government's proposed powers for Mr. Albert Booth, Employment Secretary, which would enable him to decide whether a company was in breach of Government guide-lines and whether a contract should be terminated.

General CBI opinion is that such powers would be far too wide to be given to any Government Minister without right of appeal by the company.

London faces rate increase

Financial Times Reporter

LONDONERS are likely to face an increase in the rate charged by the Greater London Council next year, Mr. Richard Brew, leader of the policy and resources committee, said yesterday in his budget speech.

Outlining plans to spend £2,165.3m. during 1978-79 Mr. Brew said that the council had been able to keep its rate precept at an unchanged 17p for the third year running only by drawing heavily—and al*most depleting*—the County Hall balances.

Announcing that £61m. was being taken from balances to peg the rate, Mr. Brew, deputy leader of the council, said: "I recognise that the use of balances on this scale in one year makes a rise in the precept next year likely.

"But what London needs most this year is a relief from increased cost."

Gas price policy wrong says electricity chief

BY JOHN LLOYD

THE ROW over the freezing of gas prices moved into the public arena yesterday with an attack by Sir Francis Tombs, chairman of the Electricity Council, on the British Gas Corporation's pricing policy.

Sir Francis, speaking to the Electrical Industries' Club in London, said that gas had to be priced at a level which took into account the cost of its future replacement by other fuels, otherwise it would damage the long-term markets for coal and electricity.

Posing the question of the possible strategy of a business which burned gas, oil, coal and electricity, Sir Francis said: "It seems to me that the prices of all these fuels would tend to a common market level, and the economic rents derived in the short-term from gas would be placed in reserve in order to develop the costly and long-term substitutes such as nuclear power and synthetic natural gas production.

"If this would be good strategy for a private company, why is it not so for the country?"

In 1976/77, British Gas paid an average of 1.9p for every therm bought, while the Central Electricity Generating Board paid 8.4p per therm for power station fuel.

But, while British Gas was to be congratulated for its exploitation of a cheap and favoured fuel, its continued selling of gas at a price well below that of a competing fuel meant that the limited resources of gas would be depleted rapidly.

Gas had taken a large share of electricity's traditional space-heating market, and the amount of gas available to the market was likely to increase by 50 per cent. in the next few years.

"If gas is to dominate the *energy market, then its competitors* and potential substitutes, electricity and coal, will have limited markets and will not be able to afford the investment necessary on a very long time scale in order to provide the capacity to replace the gas when reserves are depleted.

"Manufacturers of main plant and domestic equipment in the electricity industry were forced to cut investment, since only limited investment was taking place in the coal and electricity industries.

"Finally, it creates a precipice problem of substitution for depleted reserves of gas at the end of the century."

The unkindest cut of all . . .

NEWS ANALYSIS

POWER CONTRACTS

Again this winter, 600 British *Gas industrial customers* are facing the realities of interruptable gas contracts. These offer such customers 20 per cent. discounts on gas used, in return for the right of British Gas to cut supplies when it chooses.

The contracts are negotiated only with large customers taking more than 1m. therms a year, or 1,000 times the demand of a domestic central heating system.

Already, Singer, the sewing machine company, has been forced to lay off its workforce of 4,000 people at Clydebank, Glasgow. This resulted from the combined impact of the oil tanker drivers' dispute and a reduced gas supply.

The *decision* to cut an interruptable gas contract customer's supply—the disconnection can last between 60 and 90 days—is taken almost clinically by British Gas. An operator at a gas control station picks up the telephone, passes on the bad news and proceeds to the next customer.

The remaining 2,400 industrial customers of British Gas are *either too small*, or take the different view of preferring reliability to risk.

The corporation is reluctant to reveal its marketing strategy for the contracts. It tried hard to build up its industrial gas load "very smartly" in the early days of natural gas in 1968-69.

Most of the gas was soon committed and the corporation eased its sales campaign. But 12 months ago, in preparation for new Frigg Field supplies coming ashore, new customers were sought.

The contracts were designed to attract desperately needed customers to justify the rate of natural gas expansion. But, at no time did the corporation pretend that this system could cope with peak demand from regular customers and demand from those with cut-off contracts.

The system simply had to be large enough to supply peak demand from the 14.2m. regular users during the worst winter, but the pipelines had to be full at other times, the difference being met by interruptable contracts, supplying gas to the non-premium energy market in competition with heavy fuel oil. Premium energy markets for gas are those where only gas can be used.

Now there are indications that the day of the interruptable contract may nearing its end. At the moment 274m. cubic feet of the total 4,000m. cubic feet of gas sold goes to interruptable customers, a fifth of industrial users. The corporation said this proportion is certain to fall.

Total gas demand is expected to rise 50 per cent. to 6,000m. *cubic feet a day, half of which* will go to industry and commerce.

Tax change for married men urged

Financial Times Reporter

THE ABOLITION of the married man's tax allowance has been urged by the National Council for Civil Liberties. The council says the allowance discriminates against women and should be replaced by bigger child benefits.

The NCCL's propsals are in response to a report by the Equal Opportunities Commission published in December which said that the tax system had failed to keep up with the role of women.

Blizzard costs company £4m.

FINANCIAL TIMES REPORTER

ALUMINIUM production at the British Aluminium's Invergordon smelter in the north of Scotland, has been halved because of electricity cuts caused by the blizzards in the Highlands.

The company, a 51 per cent. owned subsidiary of Tube Investments, said yesterday that full output might not be resumed until May. That would cut the smelter's normal output of 100,000 tons of aluminium a year by about 6,000 tons, worth some £4m.

Two of the company's four production lines have now been largely out of action for about a fortnight.

Aluminium has frozen in 160 of the 320 metal manufacturing pods, and must be extracted slowly by a dual process involving extraction and reheating. There are fears that the frozen metal may have damaged the linings of many of the pods.

"Loss of profit will be only a fraction of the lost sales revenue, and cannot be assessed until the exact condition of the frozen pods has been established, and the time required for a complete start-up calculated," Mr. Ronny Utiger, British Aluminium chief executive, said yesterday.

The £37m. Invergordon plant, built in the late sixties, is the largest of the company's three smelters.

Tube Investments' shares fell sharply in the Stock Market yesterday, closing 12p down at 372p. Tube Investments, and Reynolds Metals of the U.S. between them control 97.84 per cent. of British Aluminium's equity.

'Corset' restriction on banks may be reimposed soon

BY MICHAEL BLANDEN

THE GOVERNMENT will re...ose the so-called corset re...tions on the banks sooner ...er than later to control ...wth of money supply in the ...t financial year, say the stock...kers Phillips and Drew.

...heir latest review of the gilt...ed market to-day predicts a ...p upsurge of demand for ... loans from the private sec... Growth of more than 15 per ... in this demand would put ...inuance of monetary re...int in jeopardy.

...aced with this prospect, the ...orities would be likely to ...g back the "corset," which ...ated to restrict ability of the ...s to increase their deposit ... through the wholesale ...ey markets.

...e effect of this would be ...ly to divert credit demand ... banks to other channels, ... there would still be signi... upward pressure on short... interest rates later in the ...

...e brokers' views highlight ... of the main worries in the ... after the banking figures ... week, which indicated that ...orrow's money supply figures ... mid-January would show a ...inued high rate of growth. ...is widely feared that to meet ...new monetary targets due in ... Budget, the Government will take stronger action to restrict expansion of bank lending at a time when the economy is beginning to recover from the recession.

Phillips and Drew expect that in the current year, ending in *mid-April, growth of the sterling* money supply on the wider definition (M3) will not seriously breach the target range of 9-13 per cent.

This would be achieved only as a result of the slow growth in the first four months of the period. Since then expansion had been faster.

The difficulties of maintaining monetary restraint in 1978-79 were expected to intensify. A rise of 5 per cent. in real terms in consumer spending was expected to lead to a rapid growth of bank lending to the private sector.

With a positive contribution from the public sector, sterling money supply would rise by some 15 per cent., well above what the financial markets would regard as reasonable and probably higher than any official guidelines for the period.

In view of the latest banking figures a re-imposition of the corset was expected. This would be *helpful* to the *Government's* efforts to restrict growth in sterling M3, though its effect would be largely cosmetic in the circumstances of 1978-79.

MPs will question Navy repair costs

BY DAVID CHURCHILL

...CIAL questions *concerning* ... management and efficiency ... Britain's four main naval ... yards, which spend £294m. ...ar and employ more than ...0 workers, are expected to ...out to senior Royal Navy ...rs to-day in private by the ...mons Public Accounts Com...ee.

...e MPs will want to know ... according to figures pub...d last month by the Comp...er and Auditor General, the ... of running the Navy's ...yard in the last financial ... were £63m. more than had ... estimated.

...ey are likely to want an ex...ation for the cost of major ... refits being 55 per cent. ... the estimated cost last year ...d why this record has ...ened since the 1970-71 ...e.

...e MPs will also be inquir... why the *1971 Mallaber Re...* on the running of the dock... has never been fully ...emented.

...e report favoured giving ...e civilian control over dock... management and a restruc...ng of finances to provide ...e viable commercial yard...s for dockyard efficiency.

...rt by the Ministry of Defence ... incensed the Civil Service ...ns, who represent the bulk ...dockyard executives.

...r John Mallaber, a chartered ...untant and former chairman ...Harland and Wolff shipyards, ... asked in July 1968 to inves*tigate dockyard* efficiency. He reported in 1971.

However, earlier in June 1970 the Ministry introduced a new dockyard management structure. It created a new post of Chief Executive Dockyards and recruited a Mr. L. W. Norfolk from ICI.

Mr. Norfolk's organisation of the dockyards was immediately apparent. The average percentage overrun in costs for major refits dropped from 50 per cent. in 1970-71 to under half (24 per cent.) the following financial year. Of the refits in 1971-72 carried out on 23 ships, only four overran on cost and time.

However, Mr. Norfolk's contract was not renewed by the Ministry and he left on August 31, 1972. He was replaced by a retired rear admiral. Subsequently, the cost overrun on major refits has steadily risen to 55 per cent.

The Commons expenditure committee in 1971-72 said: "We were, however, anxious to know why the appointment (of chief executive) had gone to a retired naval officer when the policy was to move away from a naval to civilian management, and why the post had been given a fixed Civil Service rank, when the need appeared to be for greater autonomy and freedom from the constraints of the official hierarchy."

A member of the committee in 1971-72 was Dr. John Gilbert, now Minister of State for Defence.

Buildings without insulation 'should be subject to a fine'

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

BUILDINGS must be insulated to the highest standards to ensure that they are not energy guzzlers, according to an Advisory Council on Energy Conservation working group.

A report published yesterday says that the technology to insulate buildings and hot water systems is widely available and the economics involved are favourable. All that is required is the will to act, by individuals, property owners and the Government.

Government action is needed to persuade individuals and organisations to insulate buildings. One course of action might be to operate a scheme similar to the Clean Air Act, in which financial incentives to improve insulation standards remain for a period to be replaced by penalties for non-compliance.

Among financial measures aimed at stimulating energy conservation, the report mentions grants, tax relief or interest-free loans to users or owners. It also suggests negative financial measures, such as a ban on local authority mortgages for homes with sub-standard thermal insulation or the withholding of building certificates for sub-standard projects.

The working group suggests that rate relief could be given, if only for a limited period, on measures which increase the value of the property in question.

Prof. Patrick O'Sullivan, chairman of the working group, said yesterday that only about 2½m. of the country's 20m. homes had adequate insulation, representing an enormous energy wastage.

Energy Paper 25, Report of the Working Group on Buildings; Advisory Council on Energy Conservation., Department of Energy; £1.50

Feature, Page 29

Oil Corporation must pay loan interest

BY RAY DAFTER, ENERGY CORRESPONDENT

BRITISH NATIONAL Oil Corporation is to pay interest on part of its Government loans, following pressure from the Public Accounts Committee.

Up to now loans received through the National Oil Account have been free of interest although the Public Accounts Committee said this procedure should be reviewed.

Dr. Dickson Mabon, Minister of State for Energy, said in the Commons yesterday that BNOC would pay interest at National Loan Fund interest rates on much of the Government loans. The remainder would be free of interest but kept under review so that the Government could be remunerated when BNOC's profits and prospects were satisfactory.

The Corporation has an estimated £100m. worth of loans from the National Oil Account now outstanding. This is in addition to $825m. worth of bank loans raised through a group of 12 British and American banks last summer.

The National Oil Account is the Government's repository for North Sea royalties, licence fees, rentals and BNOC revenue.

Equity capital

Dr. Mabon said that in future BNOC would consider its capital employed as being divided in the ratio 40:60. The larger 60 per cent. portion—equity capital—would not be subject to interest charges. However, this capital would be remunerated on a variable basis subject to BNOC's profits and prospects.

It is understood that the Government hopes that eventually the Corporation will be able to pay as much on the equity capital as it will on the remaining 40 per cent.

As part of the arrangement it has been agreed by the Government and BNOC that National Oil Account loans will be regarded as equity capital and, as such, not subject to interest payments. However, when the total of these advances, together with the Corporation's internally generated funds, reaches 60 per cent. of the total capital employed the position will change. Thereafter, the National Oil Account loans will be divided between capital subject to interest charges and equity capital in such proportion as to maintain the 40:60 ratio.

New production licences batch boosts offshore exploration

BY RAY DAFTER, ENERGY CORRESPONDENT

OFFSHORE oil exploration will receive a new boost this year following allocation of another batch of production licences, writes Ray Dafter.

Twelve blocks and part-blocks, first offered to the oil industry under the fifth round of licences in summer 1976, have been awarded to seven consortia. British National Oil Corporation has a 51 per cent. stake in each concession.

BNOC's involvement in all fifth-round licences, except those with British Gas interests, has meant that the negotiations preceding allocation of the blocks has taken much longer than the Government first anticipated. Not only has negotiation over licence conditions involved BNOC in much work, but private companies have been uneasy about some terms proposed.

For instance, there has been some concern in the oil industry about BNOC handling of confidential information and the way the corporation would exercise its majority interest in most licence groups. Of the 44 blocks provisionally offered to companies in February last year, 17 have still to be allocated. These are expected to be formally awarded in a few months to enable at least preliminary exploration work to begin this year. This first batch of 15 blocks was awarded in November.

The licences announced yesterday cover offshore areas from the northern North Sea to the English Channel and the Celtic Sea.

Plessey sells first digital private telephone exchange

BY MAX WILKINSON IN NOTTINGHAM

PLESSEY yesterday launched the first fully digital private telephone exchange to be sold on the U.K. market. The exchange, called the PDX, is claimed to be more advanced than the exchange produced by International Business Machines, which has been the market leader for several years.

Both systems are computer controlled and offer an advanced range of facilities to users. But Plessey's new exchange is fully digital. That means all telephone conversations are coded into computer-like bleeps which can then be switched on microscopic computer circuits.

Other systems, including IBM's, use analogue switching—which use conventional electric currents to mirror speech patterns. The digital part of these systems concerns only the control of switching and not the switching of conversations.

The basic technology for the PDX has been licensed from the Rolm Corporation, of California, U.S.A. It is being adapted and developed by Plessey at its Nottingham factories, where the first exchanges have already been produced.

The total devlopment cost will be £10m. when the full range of exchanges with up to 4,000 extension lines is in production. The PDX launched yesterday has from 80 to 800 extension lines and 120 public exchange lines.

Six systems are already in service with a further seven being installed. Total orders so far are more than £5m.

Computer code

The system is still being evaluated by the Post Office for approval which must be obtained before an unlimited marketing effort can be started. Plessey is hoping to gain full approval by the middle of the year.

Mr. Jack Donnelly, managing director of Plessey's private communications and data systems division, said yesterday that one advantage of the fully digital system was that it could be used for a range of switching purposes in addition to ordinary telephony.

Because voice signals are converted into computer code, the PDX can be switched to computer data without any adaptation. The ordinary private telephone network can therefore be used for connecting printers, terminals or visual display units to a distant computer.

It can also be used for direct connection of word processors—typewriters with a magnetic memory—to each other through the telephone network.

The PDX is also able to control security devices such as automatic door locks and give an alarm if anyone attempts to violate them.

Average costs

The facilities provided at each extension include the ability to re-dial an engaged number automatically, abbreviated codes for commonly-used numbers, the ability to transfer calls to different extensions automatically or to set up internal telephone conferences.

Present production is at the rate of about 10 systems a month, which Plessey hopes to build up to about 40 a month in the next year or so. Average costs per line work out at between £400 and £600 depending on the facilities required.

The total U.K. market for private branch exchanges above 100 lines is estimated at about £50m. a year. The European market is about £200m. a year and the U.S. market about £220m.

By its licensing agreement, Plessey is excluded from the U.S.

However, Plessey hopes to sell in Europe and also to export systems to Australia, Brazil and the Middle East, where the combined market is estimated at about £33m. a year.

As a result of starting early, it is estimated that IBM took about 40 per cent. of the PDX market in the U.K. in 1976, but this share is said to be declining as competitors bring in rival systems. Now ITT, Ericsson, Philips and the General Electric Company are the main contenders.

Holiday grumbles down by 40%

By Our Consumer Affairs Correspondent

THE NUMBER of complaints about holidays has dropped by about 40 per cent. since the Association of British Travel Agents adopted its new code of conduct three years ago, according to figures yesterday.

While complaints about holidays as a whole fell, those about accommodation showed a big rise in the three-year period.

Dell in Sweden

MR. EDMUND DELL, Secretary for Trade, visited Sweden yesterday in the fourth and last of his fact-finding one-day trips into Europe to discuss industrial democracy. He had talks in Stockholm with labour, business and union officials.

180 willing to go

ALMOST 180 workers are prepared to accept voluntary redundancies at the Bradford factory of International Harvesters, where 310 workers face redundancy because of the collapse of a major export order for Turkey.

Jersey air link?

THE Jersey-based airline, Intra Airways, has applied to the Civil Aviation Authority to operate a service between the island and Heathrow at a return fare of £35, which is £10 less than British Airways will charge if its application for a 5 per cent. increase in London-Channel Islands fares from April is granted.

£100,000 appeal

LONDON Regional Industrial Committee of the National Savings Movement is hoping to raise £100,000 from industrial and commercial companies to finance its money management education programme in schools and places of work.

Lucas executive to head Leyland monitor staff

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

MR. JOHN WILLIAMS, deputy chairman of Lucas Aerospace, is joining the National Enterprise Board to head the support staff monitoring British Leyland's performance.

Mr. Williams, aged 53, replaces Mr. Michael Carver, who left the Enterprise Board to join British Leyland's head office staff soon after the appointment of Mr. Michael Edwardes as chairman of the group in November last year.

He will report directly to Sir Leslie Murphy, chairman and chief executive of the Enterprise Board.

The Board's decision to appoint an executive as senior as Mr. Williams is a firm indication that it will continue to keep a tight check on British Leyland.

However, the main lines of Leyland's future policy as laid down by Mr. Edwardes will have been determined by the time Mr. Williams arrives at the beginning of April.

Miller 'had copies of seized documents'

WITHIN hours of Mr. Judah Binstock, a London solicitor and businessman, being stopped and searched by Customs officers at Heathrow Airport, Sir Eric Miller, the former property developer who shot himself last year, had copies of the documents found on him, Guildhall Court was told yesterday.

Mr. Lewis Altman, a stockbroker, said less than 24 hours after Mr. Binstock had been stopped, Sir Eric had telephoned him to say he had come into possession of the documents. Some had Mr. Altman's name and the name of his firm on them and he thought they should discuss them.

Mr. Altman said that Sir Eric was an old friend but when he went to see him, he was very vague about what was in the documents and would not let him look at them. He later saw the documents at the offices of Gerald Edelman and Company, in Harley Street.

Edelmans were accountants to Altman and Company and also auditors to a subsidiary of Peachey Properties, of which Sir Eric was then chairman. He understood that Sir Eric had passed the documents on to a partner in Edelmans.

Mr. Altman said when he had seen the documents he was concerned about whether Sir Eric was rightly in possession of them. He was not sure whether he should go into this matter, as he understood it was sub judice.

Mr. Michael Worsley, prosecuting, said: "You know that someone has been charged under the Official Secrets Act for abstracting these documents from the authorities?"

Mr. Altman said: "It may have been that Binstock gave them to Miller—Miller may have been lying to me."

Mr. Altman, 59, and his partner, Mr. Robert Carnes, 31, face a total of 32 charges. Also named in the charges are their stockbroking firm of Lewis Altman and Company, EIC Eurosecurities, Tricommerce and Mr. Binstock, who is now living abroad.

Mr. Altman and Mr. Carnes plead not guilty to conspiring with Mr. Binstock and a number of others between 1974 and 1975 to contravene the Exchange Control Act and obtain investment currency premium on millions of pounds which were not entitled to the premium.

Mr. Worsley has alleged that the defendants and a group of businessmen had operated a "revolving fund exchange control fraud," which had netted a profit of £2m. The profit had resulted from transactions involving "".6m. of foreign currency which had been passed off as investment currency.

The hearing continues to-day.

Trade deficit is £324m.

THE VISIBLE trade balance swung down into a deficit of £324m. in the three months to the end of January, compared with a surplus of £275m. in the previous quarter.

Just under half the deterioration was explained by changes in the more erratic items, notably precious stones, and in oil.

The volume of exports was well down on a three-month comparison, 4½ per cent. excluding the more erratic factors, while import volume rose by 3 per cent. on the same basis.

The latest trade figures include some major statistical and presentational changes, in particular alterations to the seasonal adjustment and a rebasing of the volume and other indices on 1975 prices rather than 1970 prices.

BALANCE OF TRADE

		Exports	Imports	Exports	Imports	Terms of trade	Oil balance
		£m. seasonally adjusted		Volume seasonally adjusted 1975=100		*Unadjusted 1975=100	£m.
1976		25,422	28,932	109.9	105.5	98.9	−3,973
1977		32,176	33,783	118.9	107.0	100.7	−2,804
1976	1st	5,655	6,198	106.2	100.3	99.8	−947
	2nd	6,171	7,080	109.9	106.0	97.9	−968
	3rd	6,499	7,596	110.0	108.3	98.7	−1,058
	4th	7,097	8,058	113.5	107.3	97.3	−1,000
1977	1st	7,502	8,451	115.7	109.1	99.0	−800
	2nd	7,926	8,695	117.9	109.8	100.3	−745
	3rd	8,543	8,497	124.2	106.4	100.9	−602
	4th	8,205	8,140	117.9	102.7	102.7	−657
	October	2,761	2,696	119.6	101.4	102.1	−228
	Nov.	2,665	2,594	115.2	98.5	102.7	−184
	Dec.	2,779	2,850	118.9	108.3	103.4	−275
1978	Jan.	2,629	2,953	112.7	114.4	105.6	−236

* The ratio of export prices to import prices

Source: Department of Trade

Road spending 'inadequate'

THE DEPARTMENT of Transport had underspent its budget by £160m. over the past two years, a road pressure group said yesterday.

There were two reasons for that, the Department said. First, there had been a six-months moratorium on road building imposed by the Treasury as part of the Government's spending cuts.

Second, the "terrible weather since the autumn had held up contractors."

The underspending meant that trunk road schemes in the West Country were subject to delay, Mr. Stanley John, secretary of the South West Organisation for Road Development, said.

Arts Council grant raised to £49m.

BY ANTONY THORNCROFT

THE GOVERNMENT has raised its grant to the Arts Council by £7.3m., or 17.5 per cent., for 1978-79.

The sum for the year is £49m., it was announced in the Commons yesterday by Mrs. Shirley Williams, Secretary of State for Education and Science.

The higher grant was generally welcomed by Mr. Roy Shaw, the secretary general of the Council: "It covers inflation and allows for very limited growth. Nevertheless, it falls far short of the sum required to enable us to meet all our obligations.

"The £49m. includes £600,000 for Housing the Arts capital expenditure, leaving £48.4m. for revenue purposes."

In the last financial year, the rise was just £4.5m. to £41.75m., not enough to cover the rising costs of Art Council clients during a period of higher inflation.

Ford to invest extra £250m. in Britain

FINANCIAL TIMES REPORTER

FORD PLANS to invest £250m. over the next five years on improvements to its British plants, it was announced last night.

The programme will be in addition to the £180m. earmarked for the new engine plant being built at Bridgend, South Wales.

The figure, disclosed in Bordeaux by Mr. Bill Hayden, vice-president, manufacturing, of Ford of Europe, includes spending on foundry work at Dagenham, on paint shops, and on model improvements.

Ford's rate of capital expenditure over the last few years has been about £50m. a year—roughly equivalent to the projected forecasts of Mr. Hayden.

Developments at the Dagenham foundry are being undertaken to coincide with the introduction of the new Bridgend range of engines, which will use Dagenham castings.

Population down 23,200

BY DAVID CHURCHILL

FIGURES released yesterday show that the population of England and Wales dropped by 23,200 last year compared with 1976.

The largest factor is that more people left the country than entered it—accounting for 17,300 of the total drop. The balance is taken up by a rising death rate and a falling birth rate.

The figures, released yesterday by the Office of Population Censuses and Surveys, show a decline for the third year running. The total population of England and Wales at July, 1977 was 49,119,200. The decrease was the largest in the past three years.

The changes between mid-1976 and 1977 also indicate that the number of children in the population is declining while the number of people aged 65 or over is increasing.

LABOUR NEWS

Tether 'nodded off,' says hearing chairman

REASON why the tribunal ...ng of the prolonged Tether ...r dismissal claim in London ...into private session was ...ined yesterday—the chair... "nodded off" during the ...ng of what is thought to be ...longest industrial tribunal ...ng yet.

...a statement in open court, ...William Wells, QC, the chair... admitted: "I once momen... nodded off during the hear...

...statement followed specu... over a sudden move which ...the hearing behind closed ...on Monday.

...m, the sacked columnist ...ng the claim, Mr. C. Gordon ...r, and counsel for the ...cial Times were the only ...allowed into the chamber.

...er a further session in ...ra yesterday morning, the ...nal returned to public hear... allow Mr. Wells to make ...tatement.

...Wells said that represent... had been made by the ...cial Times that he, at ...in times on some days last ...failed—or appeared to ...to give proper attention to ...ase.

...used

...t neither the other mem... of the tribunal, who were ...nous on the matter, nor ...Tether, accepted this.

...n a few occasions" he had ...yes closed. On more than ...t them he was seen to be ...g. He said that on the ...ion he nodded off he was ...ntly aroused by another ...nal member.

...added: "Each of the mem... of the tribunal is satisfied ...no thread in the argument, ...less any point of evidence, ...nissed by any of them, in... ...ng the chairman."

...ttee, he said, must not only ...one but must also be seen ...done. It was regrettable ...within a very narrow com... ...here was some conflict on ...ue of fact between the ...nal and one of the parties ...ne one hand and the other ...on the other.

...was the tribunal's unani... ...view, however, that it ...be wrong, and manifestly ...t to Mr. Tether that because ...a few days in a long hear... ...ne member showed signs of ...ue, 23 days should be thrown ...and the whole hearing ...abortive.

...e appearance of justice was ...rtant but if, "as we should ...t," there was any conflict ...en the appearance and the ...y, the demands of reality ...prevail.

...biased

...Wells added: "If it were ...llow that because one of ...arties on the question of ...here involved agrees with ...tribunal, the tribunal in ...g to its conclusions on the ...would be biased in favour ...e party or against another, ...ribunal would clearly be ...ed to perform any judicial ...on.

...e shall not be so biased. ...our unanimous view that ...ibunal should continue the ...g."

...Wells, 68, a £48-a-day part... ...tribunal chairman and ...r Labour MP for Walsall ...adjourned the hearing to... the paper's counsel, Mr. ...as Morison, to take instruc...

...added: "Other things being ...the hearing will continue ...nday."

...Tether, 64, of Worplesdon, ...seeks re-instatement. He ...the Lombard column for ...rs.

...had completed 22,000 words ...40,000-word opening state... when the tribunal went into ...e session.

Brakes still on Leyland after 16-week strike

RHYS DAVID reports from the picket line at Speke

IT WAS another raw day yesterday on the picket line at British Leyland's Speke factory, Liverpool, but evidently not cold enough to undermine the determination of men who have been out for 16 weeks.

As at Swan Hunter on Tyneside there is a principle at stake as far as the 2,000 strikers are concerned—that British Leyland has broken an agreement with the introduction of new work schedules—and they are convinced that to make concesssions would open the way to further demand for changes in working practices.

Again as in the North-East, there is the threat of jobs going if the company decides to cut its losses at the plant and transfer production back to the Midlands.

But, for the knots of pickets gathered outside the factory wall, a large area of which is now blackened by smoke from a brazier, it is the old, old story: British Leyland they believe, will take its decision on whether or not to close Speke irrespective of their strike.

It has been a particularly damaging dispute for all those involved. For Leyland, which yesterday began talks with senior national union officials after the decision by the Transport and General Workers' Union to recognise the dispute, it has meant lost output of bodies for one of its most successful export models, the TR7, and for the Triumph Dolomite.

Debts to pay

For Merseyside, it is another blow to its industrial reputation. Speke is almost a town on its own in the south of Liverpool developed to house populations decanted from city centre slums. Companies attracted to the area include Dunlop, Evans Medical, Automotive Products and Metal Box. But, inevitably, it is on the motor manufacturers that attention is focused. At present, not only Leyland but Ford is having production disrupted by a strike at its Halewood plant just a few miles away from the Triumph factory.

*For the strikers, too, the dis*pute is proving costly. It has gone on much longer than anyone expected, and is beginning to cause considerable hardship. According to one striker, Christmas dinner *was chops, not* turkey, and there were fewer presents for the children. Instead of Butlins it will be two weeks at home this year. Even if the strike is settled now there will be a long period of paying back debts.

Few of the strikers are willing to be identified but according to one—Jim—most of the men are having to get by on a third of their previous weekly income.

Jim, an assembly line worker on a basic of about £65 before tax and without overtime or other additions, is married with three children aged seven years, five, and four weeks. Since the *beginning of the strike in* October he has been able to claim £11.60 for his wife, £4.95 each for his two older children and £4.10 for the baby, giving him about £27 a week in social security benefits. Rent, in a housing corporation house, is low at only £4 a week but most of the other strikers live in council houses paying a much higher—if still not economic—rent of perhaps £10 a week.

Most of the workers are receiving tax rebates, although social security payments are scaled down to take into account at least in part any contribution made by back-tax. Now that the strike has lasted 16 weeks, the income for the year of most of the strikers will be much less than when their PAYE codes were prepared. Jim, who benefits from the recent addition to his family as well, reckons his tax "bank" still has £150 in it.

After paying the rent, strikers reckon they are left with £20 to £25 a week which hardly covers the cost of food for a family with two to three children. The strikers have not received strike pay, although they will do after the transport union's recognition of the dispute — a move the Amalgamated Union of Engineering Workers has followed — and strike pay could be backdated to the start of the dispute.

How, then, have the men managed to survive? In Jim's case, all the big bills have been left aside and, although he has final reminders from gas and electricity, there have been no *threats to cut supplies. Credit* is not so easily obtained elsewhere. In a modern estate such as Speke there is no corner shop and all goods have to be paid for at the supermarket.

Opportunities for moonlighting are limited. Unemployment in Liverpool is more than 10 per cent. and there is a pool of labour trying to supplement earnings with odd jobs. In Speke there is little scope for work of this kind, anyway, and the cost of transport makes it difficult to travel further afield or into the city centre.

Social life

Social life is affected in much the same way and, although most of the men do visit clubs and pubs, they claim they can afford only the first drink and have to *depend on other people who are* working to buy the second.

The strikers are bitter, which will make life difficult at the plant for some time after it is reopened.

Although Speke, inevitably, is being quoted as yet another example of the difficulties faced by companies settling on Merseyside, it is the first major strike the plant has had for five years.

Strikers claim that Leyland has broken an agreement on the procedure to be followed in setting production speeds and, given the background of rumours of closure, they see sinister motives behind the company's stand

They believe the union has been so drawn into the battle to save British Leyland at the highest level that its mandate to fight for its members has been cancelled.

Booth urges flexibility in new pay policy stage

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT wants more flexibility in the next phase of pay policy, Mr. Albert Booth, Employment Secretary, said yesterday.

Speaking to the London Chamber of Commerce, Mr. Booth seemed to take it for granted that there would be a further phase of pay restraint, although he made it clear that he did not yet know any details about a possible Phase Four.

He said the Government's approach was to look for something more flexible which, in common with the present policy, would play an important part in relating an increase in wealth to total growth and demand.

The Government had introduced earlier pay policy phases knowing it was worth it, he said, but that there was a penalty to be paid. It did not want to go on paying that penalty unnecessarily.

If the Government could find some understanding between the main parties involved in pay which would achieve a balance between the growth of purchasing power and the growth of wealth and move to greater flexibility, then that was what was required.

Tyne shipyard overtime ban may end

A THREE-WEEK-OLD overtime ban by 600 boilermakers which has crippled the six nationalised ship repair yards on the Tyne and put more than 1,000 men out of work is expected to be called off to-day.

The boilermakers will be recommended to lift their ban at a mass meeting at Wallsend so that talks can go ahead to resolve differences over pay and working arrangements.

The boilermakers applied the ban on January 24 after rejecting an offer of an 8.75 per cent. pay increase to which conditions were attached over new working arrangements.

The breakthrough came at seven hours of talks at Gateshead on Monday between senior officials of British Shipbuilders, executive members of the Boilermakers' Amalgamation, including Mr. John Chalmers, general secretary, *and shop stewards.*

GEC makes peace move in storekeepers' dispute

BY OUR LABOUR STAFF

PROPOSALS to try to end an occupation by more than 300 storekeepers at the GEC Telecommunications plant, Coventry, will be put to the men by union officials to-morrow.

The proposals, details of which are not yet known, came out of a meeting yesterday between management, union leaders and the Advisory, Conciliation and Arbitration Service.

The company has delayed its application in the High Court for an injunction to remove the men, who have been occupying the components plant for more than a week, until the peace formula has been put to them.

More than 1,000 workers have been laid off because of the occupation. Others have staged a sit-in at the company's personnel and labour offices.

The dispute is over pay, which the storekeepers' shop stewards claim is the lowest in the area. The storekeepers want an increase amounting to £2.88 a week *on their wages of £49.78 a week.* The company has offered the storekeepers the maximum allowed under the Government wage guidelines.

Protest staged by journalists

JOURNALISTS yesterday started picketing the offices of the Worcester Evening News, where one evening and nine weeklies in the Hereford area are continuing to appear during a dispute.

This follows the decision on Monday by the National Union of Journalists to recognise the dispute over an expenses allowance for junior reporters which a week ago led to the sacking of nearly 180 journalists.

...Murray warns on oil revenues

OUR LABOUR CORRESPONDENT

...ESTIONS THAT priority ...be given to overseas ...pments and simple repay... *of debt when deciding how* ...Sea oil revenues should ...ed were criticised by Mr. ...Murray, TUC general secre... yesterday.

...told the City of London ...of the Institute of ...rs that for such a policy ...e accomplished, Britain ...have to run a large ...e of payments surplus ...would not be compatible ...a return to full employment.

There would have to be a large reduction in Government borrowing (which would mean tax increases), or public expenditure cuts, or both. "Moreover, there would have to be a widescale relaxation of exchange controls."

Mr. Murray questioned the argument that overseas investments and the export of capital generally were necessary to reduce upward pressure on the exchange rate. It was "by no means axiomatic" that a fall in the exchange rate increased export competitiveness, he said.

"Germany and Japan both offer good examples of countries which have been *forced to con*centrate on non-price aspects because, in purely price terms, their goods have become less competitive.

"Far from stemming the flood of Japanese and German exports, the appreciation of the yen and the D-Mark appear to have consolidated, not jeopardised, the economic success of those two countries."

...Strikes down 90% at Harland

OUR BELFAST CORRESPONDENT

...LAND AND WOLFF, the ...owned Belfast shipyard, ...nly 855 man hours through ...s last year, compared to ...9,000 in 1976, Sir Brian ...n, the company chairman, ...esterday.

...total time lost through ...rial disputes in the last ...years, not including poli... ...strikes, had been remark... small, Sir Brian said.

...an organisation which has ...than 40 separate trades and *...ons to work with, I think* such a record speaks very loudly—a lot louder than the critics who castigate us so freely."

Addressing the Belfast Chamber of Commerce he said that in 1974 the shipyard, which has a labour force of 9,000, lost 10,000 man hours through disputes. This dropped to 5,500 hours in 1975 but rose to 8,800 again in 1976.

Last year's figure of 855 man hours was equivalent to only six minutes an employee—or half a tea break.

Harland and Wolff would like to operate without asking the Government for assistance, but without subsidies it would be impossible to compete. In return for Government assistance the company had *increased its produc*tivity by 33 per cent. in the last three years.

Most of the £31.5m. paid out in wages each year went direct into Ulster's consumer economy. Sir Brian said that £7m. was returned to the Government in the form of PAYE.

"We could argue that this is the amount of subsidy we pay to the Government."

safe with their ...ock

PARLIAMENT AND POLITICS

Rhodesia talks 'will not be hindered'

By Ivor Owen

BRITAIN WILL do nothing to hinder or frustrate the talks between Mr. Ian Smith and the black nationalist groups who are party to the negotiations in Salisbury, **Lord Goronwy-Roberts**, Foreign Office Minister of State, told the Lords last night.

But, at the same time, he reaffirmed the Government's view that any settlement, if it was to stick, must be generally acceptable to all in Rhodesia, as well as in southern Africa and in the United Nations.

Lord Goronwy-Roberts denied a charge by **Lord George-Brown**, former Labour Foreign Secretary, who now sits on the cross benches, that Dr. David Owen, Foreign Secretary, had "elevated" the Patriotic Front, which is not participating in the Salisbury talks, to a special position.

He said the purpose of the Foreign Secretary's talks in Malta at the beginning of this month with the Patriotic Front leaders had been to bring them within the framework of the Anglo-American proposals, which themselves incorporated the essence of the six principles approved by successive British Governments.

The Government had been "rock firm" on the essential principles in the Anglo-American proposals and had rejected the Patriotic Front's claim to exclusive representation in the transitional Government in Rhodesia.

This had been the central demand made by the Patriotic Front and the aim at the next meeting with its leaders—if such a meeting came about—must be to persuade them that they were only one element in a composition of elements on the basis of which an equitable and durable settlement must be based.

Lord Goronwy-Roberts emphasised that for the same reason, the Government must reserve its position on the Salisbury talks to the extent that the intention, in practice, appeared to be to negotiate and implement a settlement which did not include all the elements of black Rhodesia.

He told **Lord Home**, the former Conservative Prime Minister and Foreign Secretary, who asked if the Government would support a settlement arrived at in Salisbury, that it would have to satisfy two main tests. It would have to be acceptable in Rhodesia and Africa, and acceptable to the international community.

Lord Goronwy-Roberts reminded those who wanted the Government to leave a Rhodesia settlement to those engaged in the Salisbury talks of what was happening in the Horn of Africa.

It was important that a settlement should be acceptable to the United Nations, which would have a major part to play in securing a stable and peaceful transition to a new independent Rhodesia.

In his speech, Lord Home said that if Rhodesia was to survive, it was essential that her armed forces should be strictly loyal to the state, well disciplined and well trained. Unless this was understood, Rhodesia would be "sent reeling by the impact of Russian power and Cuban mercenaries."

Thatcher urged to join all-party race talks

BY IVOR OWEN, PARLIAMENTARY STAFF

A ROUND TABLE conference to enable the three main political parties evolve a national approach to immigration policy was suggested by the Prime Minister in the Commons yesterday in another heated clash with **Mrs. Margaret Thatcher** over her recent speeches on the issue.

Despite pressure from the Labour back benches, the Tory leader declined to make an immediate response to Mr. Callaghan's proposal, which obviously came as a surprise to her and the rest of the shadow Cabinet.

Many Tory back benchers indicated, through shouted interjections, that they saw the Prime Minister's proposal as a "trap" for Mrs. Thatcher, as she seeks to contain strains within the Conservative Party since her television reference to the need to hold out the prospect of a clear end to immigration.

Mr Callaghan introduced his proposal with a forecast that it would prove to be unacceptable to the Opposition. Nevertheless, he stressed his willingness to sit down with Mrs. Thatcher and Mr. David Steel, the Liberal leader, to evolve a national approach to immigration.

Mr. Merlyn Rees, the Home Secretary, Mr. William Whitelaw, the shadow Home Secretary, and Mr. Reginald Maudling, who as Home Secretary in the Heath Government piloted the 1971 Immigration Act, should also participate in the talks.

An agreed national approach would offer the best way of avoiding racialism and the distortion and hatred which would otherwise enter the nation's affairs, Mr. Callaghan said.

If the Conservative Party was as concerned about trying to avoid hatred and tension in society as Mrs. Thatcher claimed at the Young Conservatives' Conference at Harrogate, the Opposition would wish to consider his proposal.

The Prime Minister said that he was not pressing for an immediate answer, and acknowledged that it would have to be recognised that those participating in the conference had firm principles to which they would wish to hold.

"What is more important," he added, "is the nationality of this country."

Although the Prime Minister intimated his willingness to await a reply from the Opposition, Labour back benchers rowdily demanded an immediate response.

At one point, Mr. George Thomas, the Speaker called on Mr. Andrew Faulds (Lab., Warley E), to control himself. "If you continue, I shall ask you to leave the Chamber," he said.

Earlier, Mrs. Thatcher insisted that the Opposition would not be "goaded" by the Prime Minister or Labour back benchers into initiating a debate on immigration.

The Opposition would use the Parliamentary time at its disposal to launch such a debate at a time of its own choosing.

Mrs. Thatcher also directed attention to the 1971 Immigration Act—cited by Mr. Edward Heath, (a notable absentee from the Chamber yesterday) when he asserted on Monday that adequate powers already exist to deal with immigration abuses.

She reminded the Prime Minister that, as a member of the Heath Cabinet, she had supported the Act, the main purpose of which had been to end further large-scale immigration, and to permit future immigration only in strictly defined cases.

Backed by Tory cheers, Mrs. Thatcher recalled that Mr. Callaghan led sustained Labour opposition to the 1971 Act. "I supported the intention of that Act — you did not and you do not now. What are your intentions?"

The Prime Minister replied that the main argument about the 1971 Act had centred on its "patriality" provisions. The Government had firm principles on immigration policy, and he hoped that the Opposition would initiate a debate soon.

But he held to his view, made clear in exchanges in the House last week, that an attempt should be made to evolve a national approach.

Mrs. Thatcher retorted that Mr. Callaghan had not been concerned with a national approach in 1971, but had opposed the Heath Government's legislation.

Tory backbenchers vigorously supported Mrs. Thatcher, but the Prime Minister reminded them that the Government had been operating under the 1971 Act since 1974. The present immigration rules derived from Conservative legislation.

Callaghan line on secrecy comes under fire

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE PRIME Minister came under fire in the Commons yesterday when he took a cautious line on MPs' demands that Ministers should be prepared to give more information to Select Committees.

There is general disquiet among MPs over refusals by Government, civil servants and nationalised industries to divulge information which committees claim is essential to their investigations.

The nationalised industries committee, in particular, protested at the lack of information over the financial position of British Steel Corporation.

This was followed last week by the report of the Committee on Statutory Instruments, which accused Ministers and civil servants of cynical arrogance in their treatment of Parliament and individuals.

Mr Callaghan told the House yesterday that, in geneneral, Ministers should be as helpful as possible to the committees and try to satisfy their requests for information, provided that normal assumptions about the Government's responsibilities were observed.

"It is well known that there are difficulties about this when matters of commercial interest are concerned," he said.

Mr. Kevin McNamara (Lab. Hull Cent.) wanted to know why Ministers were so reluctant to make statements about the mechanics of government.

Mr. Callaghan said that if he was referring to the way the Cabinet conducted its affairs and the system it had set up, then he would certainly defend it.

There were indignant Labour shouts of "Why not?" when he went on: "I don't know that we need always expose—at any rate officially—all our working and doings to the public at large."

Mr. Michael Latham (C. Melton) observed that when Ministers were faced with a hostile report of a Select Committee the golden rule seemed to be to abuse the Labour MPs who served on it.

Mr. Callaghan replied: "That is not necessarily true. It depends on the occasion."

It was right that the Government should retain the confidentiality of advice which was given to it whenever it thought it was proper to do so.

Budget tax cuts call by Liberals

By Richard Evans, Lobby Editor

THE LIBERALS are to press Mr. Denis Healey, Chancellor of the Exchequer, to increase employers' National Insurance contributions substantially in the Budget to allow greater reductions in direct taxation.

As part of the agreement for maintaining Mr. Callaghan's minority government in office, Mr. David Steel, the Liberal leader, and his colleagues, intend to demand a say in framing the Budget, which could be the last before a general election.

Their priority will be cuts in direct taxes not only at lower levels but also higher up the scale to increase rewards and incentives for middle management.

They have already made it clear to Mr. Healey that they would be in favour of tax cuts financed partly by increases in indirect taxation, such as VAT, and by increases in the employers' insurance contribution of 1½ to 2 per cent.

The Liberals also want the Government to increase the new child allowances paid to mothers and to phase out child tax allowances. Their four proposals will be outlined shortly by Mr. John Pardoe, the party's economic spokesman.

Last year the newly formed Lib-Lab pact nearly came to grief when the Chancellor announced a 5p-a-gallon increase in petrol tax. He was forced to abandon the proposal because of the combined opposition of Liberal, Conservative and Nationalist MPs.

This time, the Liberals are letting the Chancellor know well in advance what they want to see in the Budget and also what they would oppose. This again includes any increase in petrol duty.

Tory MPs press for inquiry into Pencourt File allegations

BY JOHN HUNT

THE PRIME MINISTER was pressed yesterday to order an inquiry into an allegation that Mr. David Ennals, Social Services Secretary, had deliberately waived National Insurance contributions for Mr. Norman Scott, the male model.

The demand was made by Mr. **Nicholas Ridley** (C. Cirencester and Tewkesbury) who said that allegations in the book, The Pencourt File, serialised in the Daily Mirror, were "matters which the Prime Minister must take seriously."

Another Tory MP, Mr. Peter Blaker (Blackpool S) referred to an allegation in the book that the Social Services Secretary had used his influence in 1976 to conceal the existence of a file on Mr. Scott.

Mr. Blaker said that Mr. Ennals should make a statement, issue a writ or resign.

Mr. Callaghan caustically replied that Mr. Ridley was operating at about his usual level. He suggested that if the Tory MP was serious about the matter, he should put down a specific question on the subject.

Replying to Mr. Blaker, the Prime Minister said that he had read extracts from The Pencourt File but was glad to say he had not read the entire book. "As for any breach of security, they have all been thoroughly investigated and I have nothing to say about them."

Mr. Ridley had urged an inquiry and a report to the House on whether the allegations were true or not. "Otherwise, the scandal will have to be assumed to be true for lack of denial," he claimed.

Defeat for Government on referendum date

BY IVOR OWEN

LABOUR anti-devolutionists joined Tory and Liberal MPs in the Commons last night to inflict another embarrassing defeat on the Government, by adding a new clause to the Scotland Bill which ensures that the next General Election and the referendum on the establishment of a Scottish Assembly cannot take place on the same day.

Protests by **Mr. John Smith**, Minister in charge of the Bill, that the Prime Minister did not intend to choose an election date which would coincide with the date fixed for the referendum, failed to allay suspicions among anti-devolutionists on both sides of the House.

The new clause, moved by **Mr. Tam Dalyell** (Lab., West Lothian), lays down that if Parliament is dissolved before the referendum takes place, the referendum must not be held until a period of three months has elapsed after polling day for the General Election.

It was carried by 242 votes to 223, a majority of 19 against the Government. A bigger Government defeat would have occurred but for the fact that Mr. Ian **Mikardo** (Lab., Tower Hamlets) was locked out of the lobby as he was about to enter to vote for the new clause.

Mr. Dalyell said his personal belief was that the Prime Minister did not intend to hold a General Election on the same day as the referendum.

He accepted that the Government had been "entirely honourable" in giving the assurances voiced by Mr. Smith. But circumstances could change, and if it became necessary for a final decision on the date of referendum to be taken in "helter skelter" circumstances immediately prior to a general election, a different course might be followed.

Mr. Smith had told MPs "It is the Government's genuine intention not to confuse the two issues. I can give a categorical assurance that we would not seek to coincide the date of the referendum with that of a General Election."

Although he would not be tied down to agreeing to a minimum three-month gap, the Minister said it would be Parliament, and not the Government, who would decide the date of the referendum.

Mr. Tim Renton (C., Mid-Sussex) said it was very difficult for MPs to accept Mr. Smith's verbal assurances. If the Government proposed a September referendum and the Prime Minister subsequently called an October general election, the veto which both Houses of Parliament could use would no longer apply.

Mr. Jo Grimond (L. Orkney and Shetland) complained of "appalling muddle." Nobody had thought out the implications of the referendum. If it was held within a few weeks of a general election campaign, it was extremely unlikely people would bother to vote at all.

Unless the Government was trying to kill the devolution Bill, they should accept that voting should either be on the same day as a general election or put off for some time.

Mr. James Dempsey (Lab., Coatbridge and Airdrie) said that if a referendum had to be held three months after an election, an October election could result in the referendum being called for January 1.

He asked whether English and Scottish MPs had any idea what happened in Scotland on that day. "There would be more drinking than voting," he said.

Mr. Gordon Wilson (SNP, Dundee E) said that combining a general election with the referendum would save more than £2m. It seemed some MPs were terrified of fighting a single issue campaign during an election.

Mr. Francis Pym, Opposition spokesman, said there was a real danger that the decision about dates would be taken simply "as a matter of expediency." If the Government was not prepared to give a "more specific undertaking" regarding the possible closeness of the referendum to a general election, he would urge MPs to support the clause if it went to a vote.

Replying, Mr. Smith said he would not rule out the proposition that a two-month gap might be put forward in the Lords.

He promised that the Government would take careful account of MPs' views on a suitable period of time between a general election and referendum. MPs were a "little unfair" in trying to pin down a three-month period.

Military airfield option for study

Financial Times Reporter

THE GOVERNMENT is to consider developing a military airfield as a civil airport for London's air traffic.

In a Commons written reply last night Mr. Stanley Clinton **Davis**, Minister of State for Trade, said the Government was prepared to consider this option, in response to suggestions made during consultations on airport strategy.

Industrial building allowance changes

FINANCIAL TIMES REPORTER

PROPOSALS to modify the industrial buildings allowance rules are to be included in the Government's forthcoming Finance Bill.

The changes will enable an industrialist who pays a capital sum for a lease of more than 50 years to elect jointly with the holder of the relative interest in the industrial building to regard the new leasehold interest as the relevant interest from the date on which it takes effect.

The changes were announced in the Commons last night by **Mr. Joel Barnett**, Chief Secretary to the Treasury, in reply to Mr. **Arthur Palmer** (Lab., Bristol NE).

Mr Barnett said: "Following such an election the holder of the original relevant interest in the factory would be treated as though he had sold it for the capital sum paid on the granting of the new lease.

"The industrialist holding the new lease would be entitled to industrial buildings allowance, as though the capital sum he had paid had been for the acquisition of the original relevant interest in the factory.

"In this way, an industrialist paying a premium for a long lease of an advance factory will be able to claim industrial buildings allowance."

Subject to certain safeguards against tax avoidance, the Government would propose that the right to make such an election should apply not only to advance factories, but whenever a lease of more than 50 years taking effect after to-day was granted out of the relevant interest in an industrial building.

Talks on car imports

FINANCIAL TIMES REPORTER

MR. EDMUND DELL, Trade Secretary met the Japanese ambassador in London on Monday to discuss the level of Japanese car imports into Britain. The meeting was at the request of the ambassador.

In a written Commons reply last night, Mr. Dell said: "The Government will decide their policy in the light of these discussions and other consultations which are taking place."

In a series of questions, the Government was asked about hire purchase facilities on foreign cars purchased in Britain.

Mr. Bob Cryer, Under-Secretary for Industry said: "A large number of car manufacturers, both British and foreign, as with other products, offer discounts of varying kinds from time to time as a means of boosting their sales. Reductions in interest rates are one means of offering such discounts."

Mr. Cryer added: "The Government is, of course, very concerned at the current high level of car imports. But it is not possible to isolate the effects on the car industry of this kind of sales promotion measure."

Miss Joan Lestor (Lab. Eton and Slough) asked what study the Government had made of the practice of foreign car manufacturers offering interest-free loans to purchasers.

Dr. Oonagh McDonald (Lab. Thurrock) added that purchasers of Fiat cars were being offered hire purchase by the company at 5 per cent.

The Management Page

EDITED BY CHRISTOPHER LORENZ

Christopher Parkes looks at the EEC Commission's attempts to remove non-tariff barriers to trade in food and drink

A fresh approach to harmonisation

; GERMANS started it. ;tly after Britain joined the ;mion Market they put it ;it that we would not be ;wed to sell U.K. beer in the ;eral Republic because it was ;good enough for them. They ; strict rules about the ;ty of what goes into their ;ts, and British wallop—pas;ised or not—simply failed ;atch up to their standards. ;elpful as ever, the Common ;ket Commission set about ;ting a *harmonisation proposal* for a beverage which would ; all national hygiene and ;ity rules and which could ; be traded freely around the ; countries of the EEC. In ;ay was it suggested that the ;s, milds, krieks, gueuzes ; other assorted brews ;hed in the Community were ;r threat.

;it no amount of explanation ;i free the British public

the illusion that Brussels ;mucking about with their ; and that if the Eurocrats their way we would all end ;rinking some anodyne stan;ised brew. To be honest, ;Press was somewhat slow in ;ng forward with the plain ;1.

;urobeer, the ultimate ;aucratic excess, created ;n froth. Harold Wilson was ;cularly fond of referring ;his fictional liquid in his ;ier moments, especially ;1 he was playing the role of ;pragmatist for the benefit ;is more fractious anti-EEC ;iren.

;this way the Commission's ;running programme to eli;te non-tariff barriers to ;e in the food and farming ;r was brought into disre; in Britain.

; strong was the feeling, par;arly in Britain, that when ; Gundelach took over as ;culture Commissioner a ; ago, one of his first public duties was a spring-clean in the harmonisation department. At a skilfully stage-managed Press conference he announced that he had thrown out a job-lot of 85 dead, dying or doldrum-bound harmonisation proposals. Some, he admitted, had been kicking around Brussels for ten years, rejected by the Council of Ministers, but still nursed by their authors in the Commission.

To the glee of the British Press, which sped whooping with joy to the news-stands with claims of a "victory," Commissioner Gundelach did to death the Commission's plans for Eurobeer, -bread, -mayonnaise, -ice cream, -confectionery and other products.

"In some cases," read the official death sentence, "public reaction was so strong as to make any regulation impossible."

Gundelach's action effectively took the heat out of an embarrassing situation. He told his staff to be more careful when choosing their harmonisation targets in the future, while at the same time getting on with the daunting task of identifying *and finding ways round technical obstacles to free trade.* Many EEC officials are now prepared to concede that the Eurobeer proposed was a mistake, at least to the same extent as the equally scorned "Euroloaf" project.

Experience had proved that nothing was more likely to light the fires of chauvinism than "interference" in such sensitive areas as food and drink. But while virtually every proposal dealing with the composition of food was killed or shelved in the early days of the new Commission's reign, less spectacular projects like plans for harmonised labelling were left on the Ministers' table.

With much of the other *clutter cleared away, more time* was devoted to such proposals, and this one, according to Tim Fortescue, director of the Food and Drink Industries Council, will represent "a huge step *forward*" when it is finally approved sometime this summer.

Technical proposals affecting other less emotive issues such as the mechanics of cars, tractors and other vehicles, are also progressing better now that the air has been cleared.

But everywhere in the food and farming business, there is *an air of disenchantment with* the whole idea of harmonisation, approximation of laws, removal of non-tariff or technical barriers to trade—call it what you will.

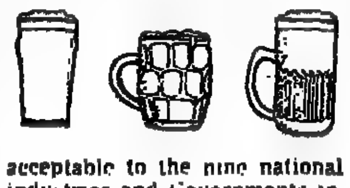
Asked for examples of changes which have benefited its members since Britain joined the EEC, the Food Manufacturers' Federation could comment only: "Nothing springs *immediately to mind of benefit* to food makers, importers or exporters."

Mr. Fortescue suggested that since the nine countries in*volved were all fairly civilised,* and since their laws were not designed to poison or otherwise damage their citizens, it would be easier if the Council of Ministers agreed that any foodstuff acceptable in any one of the nine could be allowed free passage anywhere in the Common Market.

This, he admitted, was far too *simple a proposal for a political* organism so inherently complicated as the EEC. But he was relieved about some of the changes taking place in the earliest stages in the drafting of new directives and regulations.

Instead of waiting for the Commission to come up with ideas, the European food industry has begun to take the initiative. Companies and organisations have begun to discuss among themselves the commodities and industries where harmonisation could do most good. They are also attempting *to discover how far each is prepared to go in the name of a* "common" market.

In this way they aim eventually to present the Commission with outline drafts of legislation they believe is workable and, most *important,*



acceptable to the nine national industries and Governments involved.

Mr. Fortescue was hard-pressed to name any areas where the Commission had made real progress towards harmonisation in the food sector in the past five years. "There have been very, very few positive improvements," he said. "The formulations of the Treaty (of Rome) are such as *to give infinite scope for delay.*"

At least British chocolate could now move freely about European markets, he conceded. In the past objections had been raised because U.K. chocolate contains a small amount of vegetable oil, an ingredient frowned on elsewhere in the EEC. "That was a great bone of contention for a long time," said Mr. Fortescue. "But thanks to a directive that rather fudged the issue, the difficulties are past."

The sector which would benefit most from more harmonisation, he suggested, is the meat industry. The nine member states all had a set of rules: "all very strict, but all very different."

It is obviously easy to be cynical about whether the Eurocrats are spending their time in the best possible manner by preoccupying themselves *with such unpopular or apparently* unimportant issues. Leaving aside the macro-economic arguments for Community-wide free trade, there is a crying need for the removal of the time-consuming and costly muddles which beset traders. Take just one fraction of one country's legislation, multiply it nine-fold, and you *get some idea of why harmonisation is needed.*

Scratching about in the British Ministry of Agriculture's Food and Food Standards Division, the potential European trader will come up with *sheaf after sheaf* of legislation governing the labelling, packaging and composition of food. The Trades Descriptions Act and weights and measures legislation conceal further possible pitfalls. Consider for a moment the mysteries of the Food Standards (Suet) Order 1952. Ponder the convolutions of the Milk and Dairies (Milk Bottle Caps) (Colour) Regulations 1973.

And beyond the more straightforward legislative hindrances are still further obstacles which can turn trading into a nightmare.

To take a topical example, according to U.K. law, pre-packed milk may be imported *into Britain only if it has been* packaged and heat-treated in the same factory — assuming, of course, that all other commitments have been met. As it *happens,* it is not usual on the Continent for the facilities to be found in the same plant. So does that rule constitute an obstacle to the trade? Should a harmonisation project be launched, or should legal action be tried? Indeed, does anyone on the Continent want to send milk here in the first place? The Ministry of Agriculture *says flatly that anyone keen* enough to want to export milk to Britain should have few problems adapting his methods to match British rules.

Another case concerns British flour regulations. During the war, because the average Briton was threatened with calcium deficiency, a regulation ordered the inclusion of a small amount of chalk in all flour.

This regulation has not been withdrawn, and so all supplies must still come to market com*plete with their quota* of chalk powder. Continental millers object to this "technical barrier to trade," and demand its removal. The Government has plenty to do without fiddling with such minor details, and on the other side of the coin, U.K. millers, well accustomed to treating all their flour with the necessary additives, and perfectly content to hamper their European competition as much as possible, insist the rules should stay.

Throw a little political inter*ference into all this, and life* can become impossible. Some member States have, for example, been accused of maintaining obsolete regulations not

so much to protect the health of their populations—both animal and human—but more as a way of keeping the competition at bay. *Particularly suspect are* British health rules, which effectively bar all imports of fresh pork. All nine States have such individual "foibles."

Given a respectable period in which to recover from its earlier embarrassments, perhaps the Commission may soon begin to pluck up courage and once again increase the pressure for harmonisation—or "approximation," as it has now taken to calling it.

Officials already recovered from their blushes are regain*ing their confidence. And they* are happy to relate an ironic sequel to the saga of Eurobeer.

They point out that the "traditional" beers now enjoy*ing much popularity in Britain* after all the public clamour for "real ale," appear to tally in all respects with German standards . . . and they might even qualify as first-rate samples of Eurobeer.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Coal retailing

An old colliery sited in the Green Belt, from which retail selling of coal took place ever since it was opened. On the site is a spoil tip and part of the land adjacent to it was bought in 1960 and used for coal retailing. Now part of the tip has been removed and we should like to purchase this part for coal retailing. Do you think we can do this without planning permission, in view of the fact that planning requirements are that land uncovered by spoil removal should revert to white, or even green belt?

To express a fully considered opinion on your query would require full documentation the planning history of the area in question and of all planning consents and refusals of such consents from at least 1959. You should consult a solicitor or a surveyor/valuer with experience in local planning matters if you wish to challenge the view that the land may not be used for retail selling of coal.

Company loan

One of the four members of a private company had a loan account in credit at the time of his death, 18 months ago. I am told that interest charges for this period are not payable. Is this correct?

Apart from any written terms of the contract of loan which might exist, we can see no reason why interest should not be paid from the date when the repayment of the loan became due (this may not be the date of death). The position before *death would be regulated by any* express terms on which the loan was made, or, alternatively, by the way in which the loan account was operated during the lender's lifetime.

*

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Accounting for the economic impact of oil

; GOVERNMENT will ;unce in September the wel;e news that the economy ; not been performing quite ;adly as we had all thought.

; Is not some gimmick to ;cide with October election;ig or even the discovery of ;en output—rather like the ;sional under-recording of ;rts. It is merely an account; change since the Govern;t, or rather the Central ;stical Office, will be reveal; the results of its regular ;year adjustment to cope ; the impact of inflation and ;*ges in the pattern of income* ;ut and expenditure.

;ke any ordinary business ;nisation, the Central ;stical Office (or CSO) ;npts to adjust for inflation ;he multitude of figures it ;uces. The purpose is to ; an indication of the under;; trends in the volume ;r than value of, for ;*ple, industrial production,* ;tment and retail sales. ; involves deciding on a ; date and constructing an ;x which reflects the volume ; price relationships which ;ailed at that time. The ;ting index is then adjusted ;hanges in the overall level of prices, but not for changes in relative prices.

IMPACT OF STATISTICAL REVISION ON GROSS DOMESTIC PRODUCT FIGURES

Annual percentage change

	Using 1970 price base	Using 1975 price base
1976	1.2	1.6
1977	0.6	1.5
1978	2.1	2.8
1979	2.2	2.4
1980	3.3	3.4
1981	2.5	2.7

Source: London Business School

These apparent technicalities become rather important when one price rises very much more rapidly than the general level of inflation, as has occurred *with oil, and when a major* new economic activity appears almost from nowhere, such as North Sea exploration and development.

The present base date is 1970, when oil activity was of negligible importance, though natural gas operations were building-up.

So the relative weighting of the North Sea sector was very small. *A far more important influence* on the figures has been the much lower price of oil in 1970. The calculations being carried out this year by the CSO are on the basis of relative prices and weightings in 1975.

The reason why the indices cannot be more up-to-date is that the estimates rely on the Annual Census of Production and it takes *a long time for* company reports to be received and analysed by the Business Statistics Office. The results will be shown in the National Income "Blue" book published in early September though the change could be made slightly earlier for the monthly industrial production figures.

The most important feature *of this rebasing will be the rise* in the price of oil. Between 1970 and 1975 the price of crude oil rose by roughly 5½ times while other prices in the *economy doubled, indicating a* 2¾ times jump in the relative price of oil with little change in the relative price of natural gas.

This will produce the apparent further gain in the rate of increase in real Gross Domestic Product. The revaluation of domestically produced oil at the far higher relative prices of 1975 will mean that oil is of more significance proportionately. Consequently the rise in output from the mid-1970s onwards will, when *measured at 1975 prices,* increase the rate of growth by a clear amount more than when measured at 1970 prices.

The preliminary official esti*mates are slightly more cautious* than some outside forecasts. The Whitehall estimate before the final calculations have been completed is that rebasing at 1975 prices would boost the increase in real Gross Domestic Product by less than 1 per cent. between 1970 and the third quarter of 1977. The impact might be only 2 per cent. *between 1975 and 1980.*

The National Institute of Economic and Social Research *has estimated that the adjustment* in relative prices should increase U.K. Gross Domestic Product by just over 3 per cent. more between 1976 and 1981 than if measured at 1970 prices. The biggest impact will have been last year when North Sea output was increasing very rapidly and the growth rate would have been about 0.8 per cent. higher than otherwise. This is quite noticeable when the rate of growth at 1970 prices is only about ¼ per cent.

A broadly similar conclusion about the relative impact of the changeover is shown in the London Business School estimates in the accompanying *table, which is based on fore*casts made at the end of last year. The difference between the 1970 and 1975 price base will not alter significantly even if the underlying economic expansion is slightly higher.

The explanation for the relatively limited difference made by rebasing, according to official estimates, is that North Sea operations remain a small part of the whole economy while the changes in weighting are also affected by a more rapid rise in *the cost of imports than prices* in general. Moreover, the impact of the rise in the relative price of oil may be offset by other factors.

*Normally, the effect of a re*weighting is to reduce the estimated rate of economic growth below the figures on an earlier price basis. This is because of price elasticities since if the price of certain items rises consumers usually spend less on them, notably food in recent years, and so the earlier weighting may be an over-statement.

The end result this time will still be to show a faster economic growth rate than before. It is, of course, worth remembering that this is purely an accounting change and like so much of the discussion about inflation accounting the underlying position is not altered. Nevertheless an official economic growth target of 4½ per cent. rather than the present 3½ per cent. sounds rather more reassuring — at least as a *projection.*

Peter Riddell

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● RETAILING

Buying via the small screen

BARCLAYCARD representatives told a public conference on Viewdata held in Birmingham yesterday that should Viewdata become a public service, users would be able to purchase items for sale through their TV sets—at home or in their businesses—by entering their credit card details via a keypad.

The system would allow a retailer to obtain a settlement from a card holder's account and then to complete the transaction in the normal way.

To illustrate the way this would work, suppose W. H. Smith offered a "Book of the Month" or a "Record of the Month." The W. H. Smith sequence of Viewdata frames would announce the name and price of the item and the information that users who wished to receive the item through the post could do so if they entered their credit card details to Viewdata.

When they had indicated, by pressing a button on the keypad, that they wished to purchase using their credit card, the next frame would come up on the screen inviting them to key in the purchase amount and their Barclaycard number. When this was done Viewdata would pull out the user's address from its data base and display it on the screen for the user to verify it as the address to which the item was to be mailed.

Barclaycard is already experimenting with the system. Mr. Mervyn Garton who is Manager Business Development of the Barclaycard chief office described the experiment and the plans for its development to the 300 people who attended the conference.

He will also speak at Viewdata's first European Conference to be held in Zurich on Thursday, March 2.

According to Mr. Garton, there is nothing new about this method of settling payment; this kind of transfer has been done for 10 to 11 years now—with telephone ordering to retail shops and, more recently, for theatre ticket purchasing.

More on the Zurich event from Butler Cox and Partners. 01 353 1138.

● RESEARCH

Halving the size of generators

AN EXPERIMENTAL superconducting electric generator—its rotor chilled to 452 degrees F below zero—is under construction at the General Electric Company of the U.S.A.'s Research and Development Centre.

Substantially more powerful than other experimental superconducting generators now undergoing U.S. tests, the GE machine is designed to generate 20 (MVA) of alternating current.

In a progress report engineers say they have successfully designed, developed, and tested five key components for the generator, which is scheduled to be assembled and ready for testing by 1979.

Superconductors are a class of metals and alloys that offer practically no resistance to the flow of electricity at temperatures close to absolute zero. As a result, a superconducting generator—chilled by liquid helium—should produce as much electricity as a conventional machine twice its size.

GE is also exploring the feasibility of large superconducting generators with the support of a two-year, $478,000 contract from the Electric Power Research Institute (EPRI) in Palo Alto, California. EPRI is the research arm of the nation's electric utility industry.

The EPRI-sponsored project, now near completion, calls for GE to prepare preliminary designs for 300-MVA and 1200-MVA superconducting machines.

One of the major attractions of superconducting generators is the improvement in efficiency resulting from the lack of resistance to the flow of electricity in the windings. Another feature is their relatively small size. Although a conventional generating unit weighs hundreds of tons, it is built from tens of thousands of precisely manufactured parts. For quality control and cost factors, generator manufacturers prefer to assemble the complete machine in the factory and then ship it to the utility customer, usually by rail.

The largest conventional generators, rated at from 1,200 to 1,500 MVA, already are approaching the size limits that railroads can handle. In the event that still larger machines are required to meet growing energy demands, superconducting generators—compact in size—could meet this challenge.

GE's tests of its 20 MVA experimental generator will help to establish the technical feasibility of the company's basic design. Meanwhile, the development and fabrication of components for the generator rotor are nearly completed. This work has required major engineering advances in four key rotor components—the superconducting rotor winding, vapour-cooled current leads, helium transfer coupling, and liquid-helium flow circuit.

The rotor, for example, is wound with twisted-filament, niobium-titanium superconductor, instead of the customary heavier copper winding. The winding is impregnated to prevent motion, which could raise its temperature and cause the material to cease functioning as a superconductor. In addition, an aluminium structure was designed to support the superconducting windings against the tremendous forces produced when current passes through them.

Another key component, the liquid helium flow circuit, controls the amount of refrigerant needed to maintain the super-low temperatures for the superconductors. The transfer coupling that supplies the liquid helium from a stationary liquefier to the spinning rotor underwent stringent testing for more than a year.

In Britain, a superconducting unit was built several years ago by International Research and Development for evaluation by the Central Electricity Generating Board but very little has been said of it since then. However, as the CEGB seems to have little enthusiasm for superconducting power lines and advanced developments of that ilk, it would seem that U.K. manufacturers have been given little encouragement to follow up the pioneering work of IRD.

● COMMUNICATION

Eases the problems

LATEST contender for the store and forward telex message controller market is Dataplex of Croydon with the KM 700.

Basic idea is to cut the workload and/or staff in busy telex rooms by designing a microprocessor-based input/output system that takes over many of the routine chores.

Messages themselves are entered into the machine on prepared paper tape; the computer will then store and subsequently forward them to individual or multiple destinations using its library store of telex addresses. It can have two, four, six or eight lines connected to it via Post Office auto-diallers.

If a particular number cannot be obtained the machine will keep trying until it can; attempts are logged.

Designed for use on U.K. and international telex systems, the machine also automatically accepts and prints out incoming calls.

Based on a 16 bit micro-computer, KM 700 can have either 22k or 46k of store for addresses and messages. It utilises a 120 cps paper tape reader, a 110 cps matrix printer and a crt display unit for supervision and interrogation of the machine.

More on 01-681 7521.

Eye kept on call length

ALTHOUGH basically no more than a timer, a device now being made and marketed by Phone Save fits neatly under the standard telephone instrument and enables the user to see the rate at which he is spending money on a call.

It is in no way connected to the phone itself, so that the subscriber has to press one of three buttons depending upon the distance of his call: local, band-a or band b. The expenditure is then clocked up on an LED display with half inch numerals. Only a mains supply is needed to operate the device.

It is claimed that because the call cost is progressively displayed, duration of telephone calls is greatly reduced; and muted reminder buzzer is bu[ilt] in to the unit to ensure c[on]sistent use. Applications [en]visaged include departmen[tal] allocation of phone costs, allocation of correct charges [to] clients' accounts for solicito[rs,] accountants and architects. Ren[tal] is from £1.40 per week.

A possible later developme[nt] of the device is a wired-in versi[on] which automatically recogni[ses] the dialled code and adjusts [the] charge rate accordingly. Mo[re] on 0532 481685.

● INSTRUMENTS

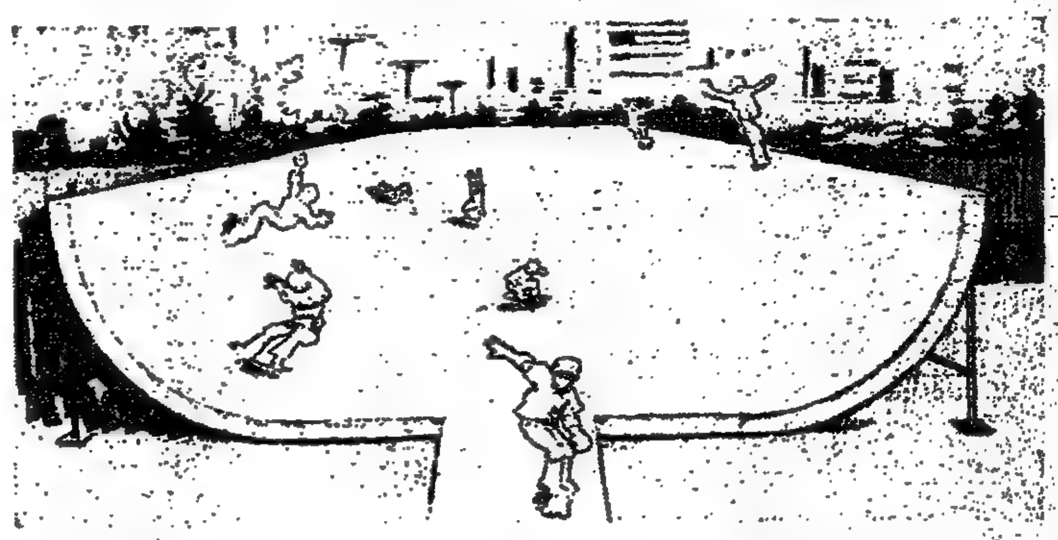
Easy to use voltmeter

TRULY hand-held a digital voltmeter probe is available from Planer Products of Windmill Road, Sunbury-on-Thames, Middlesex. Designed for universal use by engineers and technicians in the electronics, electrical and scientific industries, as well as by hobbyists and home constructors, the "voltprobe" has the 3½ digit display presented close to the point of measurement. This enables measurements to be made accurately, rapidly and efficiently.

The unambiguous display has 11 mm digits. Input impedance is 10 Megohms minimum, and the voltprobe runs on a wide range of supply from 7 to 24 volts.

There are four switch-selected ranges from 0.1999 volts to 199.9 volts.

G. V. Planer, Windmill Road, Sunbury-on-Thames, Middlesex. Sunbury 86262.



An impression of an "instant" skatebowl made up from glass reinforced plastics sections. Manufactured by Skatepark Systems, an associate of Newporter of Staines, Middlesex. It is suitable for indoor and outdoor use and has 9 feet high curved side and corner sections which are bolted together with flat components to give any size of skatepark needed. It seems to offer a good alternative to the permanent concrete skatepark and associated planning, excavation and drainage problems. Prices are stated to range from £4,500 (700 square feet bowl) upwards. A bowl of about 2,500 square feet would cost about £14,000 including installation. Skatepark says enquiries should be made to Stratton Agencies, Corral House, Pond Close, Loxwood, Billingshurst, Sussex. 0403 752334.

● MATERIALS

Repairing concrete

ALBURY POLYMERS is offering a complete "packaged" service to consulting engineers and local authorities, covering everything from preliminary survey to final repair of damaged concrete. The company believes it is the only organisation offering a guarantee on the remedial work it undertakes.

This is a natural progression for the company after years of experience in the development and application of polymers for the repair of spalled, cracked and damaged concrete.

The team includes a polymers consultant who specialises in the formulation of both standard and special products, and the company will continue to supply products for contractors' own application. It will work with local authority building staffs and nominated contractors.

Albury Polymers, The Old Mill, Albury, Guildford, Surrey. 048 641 2041.

● SERVICES

New drive in systems business

SOFTWARE Implementation, member of Vinson Lamfield Investments, has signed agreements with international manufacturers of computer hardware and software products as a new move for the company into product marketing.

Deals with three suppliers have been concluded—Calcomp, Custom Systems Inc., and Tally. The Calcomp link puts SIL into the hardware memory business, selling large-scale exchangeable discs to both single independent users and SIL-supported systems.

SIL will also supply computer communication interfaces and multiplexors from Custom Systems Inc., and a large versatile range of printers from Tally.

These are the first of several such agreements which are at present being negotiated and will be announced in the very near future.

To support the expected increase in SIL's level of business, more staff, particularly in the sales area, will be recruited, making a total of 30 personnel, and the forecast turnover for 1978 is £1.3m.

Further details from VLI House, 68 St. Martin's Lane, London WC2N 4JS. 01-836 3411.

● DATA PROCESSING

Mini range penetration

QUIETLY working since the early 70's to help establish the idea of distributed data processing, and its own minicomputer-based product SyFA in the U.K., Computer Automation now has a round dozen of major customers including Fairchild, James Hall, Provincial Insurance, Tesco and Woolworth.

Latest order is from AMP, makers of connectors and terminals for the electronics industry, for two systems. One will be used for order processing with 14 terminals deployed at the company's Stanmore headquarters and the other (with ten terminals) will deal with purchasing.

CA refuses to reveal the value of the business it has now done in the U.K.; worldwide however, the California-based company is expected to top $50m. of sales for the year ending July 1978, with pre-tax profit predicted at more than $10m.

U.K. commercial systems manager John Goodman believes that the SyFA label is now no longer "a mystery" and expects that in 1978 many more IBM users will in any case be looking away from IBM for their distributed processing needs.

Visiting the U.K. recently, Goodman's U.S. chief Ivan Socher said that over there business involving the use of terminals "at the point of action" had become "explosive." Europe was following the trend, and CA has started a German subsidiary, to be followed by another in France. A factory is poised to start production in Ireland and what Socher described as "a production experiment" was underway in India.

He also predicted an early end to the disc store for minis. The demand for storage in the U.S. he described as "insatiable" and only likely to be met by CCD solid state bulk systems.

● FARMING

Small tough tractor

CALLED THE Buffalo, and primarily designed for use in Third World countries, a basic minitractor has been developed by Barfords of Belton (a British Leyland company) and Industrial Engine Sales (Elbar Industrial Group).

It is hoped that the low priced (£1,550) rugged tractor will be used in developing countries to replace oxen in ploughing or pulling trailers.

Barfords will make and supply standard components, including a chassis complete with engine, gearbox, axles and running gear; Industrial Engine Sales will assemble the kits and add a "two-man" seat, engine cover, radiator grille, and three point linkage. The tractor will also be offered CKD for assembly anywhere in the world.

An initial order worth £100,000 has been placed for the supply of 120 kits from Barfords, and Industrial Engine Sales are building a 30,000 square foot factory at Grantham which will have the capacity for assembling up to 45 tractors/week. The first 120 kits will be supplied by the end of June.

Driven through a three-speed gearbox, and with a top speed of 11 mph, the tractor is powered by a 10½ hp Lister single cylinder air cooled diesel engine. It is 7 feet 9 inches long, 4 feet 4 inches wide, and weighs 1,764 lb. Fuel consumption is ½ gal./hr., and the fuel tank holds 12 gallons.

Rough terrain capability is stated to be similar to that of a building site dump truck, with which the Buffalo shares many components.

The tractor is expected to have a U.K. market among horticulturalists, groundsmen and small farmers.

Details from Barfords of Belton, Belton, near Grantham, Lincs. (0476 2431).

● HANDLING

Enclosed vibratory conveyors

ADDED TO the range of vibratory conveyors made by Triton is a series of enclosed units to prevent dust pollution in the iron and steel industry.

The standard open trough conveyors incorporate a liner and cover plate using a sandwich of sound deadening rubber. Units of 12, 18 and 24 inches wide and 6 inches deep are available up to 18 feet long, powered by twin contra-rotating electric vibrator motors up to 2½ hp.

More from Triton Engineering Co. (Sales), Wotton Road, Ashford, Kent. TN23 2LB (0233 25133).

● LITERATURE

Guide to finishing

THE 22nd edition of the Canning Handbook on Electroplating is to be published on February 23. This edition of over 1,000 pages offers a practical guide to polishing, electroplating and associated surface treatments and finishes based on the experience of the technical staff of the W. Canning Group.

The book originates from a small, 16-page publication issued by the company in 1889 and is internationally recognised as one of the major practical text books in its field.

The text has been revised to allow for the many developments in processes and equipment since the previous edition of 1970. Health and safety in polishing and electroplating are the subjects of two chapters and a section on effluent treatment has been re-written and extended to include water conservation and materials recovery.

The latest edition is the fourth to be undertaken under the direction of R. Allen, manager of information and technical services, while the major work of revision has been undertaken by P. J. Norris, in conjunction with the Group's technical experts.

The handbook may be purchased direct from W. Canning at Great Hampton Street, Birmingham B18 6AS (£9.50, plus £1 postage and packing) or through bookshops.

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LOMBARD

Corporate raiders are needed

BY GEOFFREY OWEN

THE IDEA of the stock market *as the guardian of industrial* efficiency is not one that would command wide support in this country. To the Left it is nothing more than a casino, quite irrelevant to the real world of making and selling things. Less committed critics have attacked, among other things, *the rights issue system whereby* companies which have been earning a poor return on their existing assets have little difficulty in raising new money. The general impression is that sanctions against poor performance are weak; too *many* publicly quoted companies turn in a *dreary performance year after* year and they somehow get away with it without anyone disturbing the directors' comfortable existence.

Share price

One of the market's disciplinary weapons ought to be access to capital—and the terms on which capital is made available—but many companies rely *to a large extent on internally* generated funds. Another is the threat of take-over. A company's poor performance will presumably be reflected in the price of its shares, which may even be below the asset value of the business: it thus presents an opportunity to a corporate raider who can put the assets to better use. How well does this part of the *system* work in practice?

It goes without *saying* that companies with consistently poor profits and a low market valuation are more likely to disappear, through bankruptcy or take-over, *than successful firms: the im*portant question is how many of the poorly performing companies manage to survive. A recent study by J. R. Davies and D. A. Kuehn* identified 227 companies which in the period from 1957 to 1962 earned an annual average pre-tax profit rate of under 6 per cent. During the subsequent period, from 1963 to 1969, about 53 per cent. of these companies survived, 40 per cent. were *taken over and 7 per cent.* went bankrupt. "It would appear from this evidence," say the authors, "that any capital market constraint which serves to transfer assets away from poor performing firms is at best weak."

The authors subjected the companies to a number of tests to see what distinguished the companies that survived from those that did not. Neither size of company nor age nor dividend policy appeared to be significant. As the authors point out, "the more difficult it is to recognise survival potential the more difficult it is to believe that the capital market can effectively fulfil its assigned role as a guardian *of efficiency.*"

There was, however, another possibility—that the surviving low-profit companies were insulated from the threat of take-over because voting control was in the hands of the directors. The authors looked at 117 concerns which had shown consistently *poor profits* over the whole period from 1957 to 1969. By the end of 1972 11 of these firms had gone bankrupt, one became government-controlled and 32 were taken over, leaving 73 as apparently able to survive the threat of take-over and bankruptcy in the long term.

In 47 out of these 73 companies the Board controlled more than 20 per cent. of the voting shares. Moreover, of the remaining 26 *companies, 13 belonged either to* the textile or the shipbuilding and repairing industries—sectors where there was excess capacity and the opportunities for more profitable use of assets severely limited. Thus the authors' conclusion is more encouraging than the figures at first suggested. "*While the take-over mechanism* may work slowly it appears to provide a major threat to non-owner controlled firms which are *inefficiently* managed."

Asset-stripping

Since 1972 *corporate raiders* have gone out of fashion and one wonders if the take-over mechanism is working as well as it should, particularly in relation to contested bids. It is true that some notorious raiders indulged in crude asset-stripping and had no interest in developing a business on a long-term basis. But perhaps the pendulum has swung too far. It seems that companies with indif*ferent profit records are finding* it easier to repel unwelcome take-over offers: the distinction between asset-stripping and efficient asset utilisation can easily be blurred. Some potential acquirers feel that contested bids are more trouble than they are worth.

The social and political obstacles to contested bids have increased, especially with employees playing an important role in determining the outcome. This may be desirable on social grounds, but it could become yet another factor tending to freeze *the industrial structure,* when what is needed is change and mobility. If the stock market is to play its proper role in disciplining poor performance, the corporate raider must be free to roam.

* *Paper presented to Second Conference on Economics of Industrial Structure, International Institute of Management, Berlin.*

Some colour for cold winter days

GARDENS TO-DAY

BY ROBIN LANE FOX

WHO IS interested in winter flowers, except gardening columnists out of season? I sometimes wonder, though winter iris and winter jasmine deserve their popularity. Winter cherry still seems to me to be the best value among flowering trees for small gardens, especially when its buds are not browned by frosts until February. It would be different, of course, if we all had frost-proof greenhouses. Perhaps your productivity deal *will now enable you too to cope* with a heated conservatory or garden-room next winter. I would be tempted to try one, having just toured those in two of our best botanic gardens in order to see what goes on there in winter.

The best thing of all, indeed *something so extraordinary* that I would almost heat a house all night for it, is just going out of flower. Called *Tibouchina Semidecandra*, it is listed for sale by such nurseries as Treseders, of Truro, Cornwall. It can only be described as royal purple when in flower, an intense colour which will dominate any house where it is free to run high up a lightly-washed wall. The flowers, saucer-shaped, are about three inches wide and marked out by their fine protruding stigma. There is no scent, but the flowers will appear from mid-September until early February, as long as frost is excluded at night. For this, you need no expensive heat: here, good reports are coming my way from the new Calor Gas greenhouse heaters, complete with a thermostat. Although I would expect this novel idea to be unpopular with plants which dislike gas fumes, owners assure me that they have had no trouble at all this winter and that the system is extremely economical. When your Tibouchina has flowered, it should be cut back quite hard, according to the greenhouse staff who look after two of the best which I have seen. They say this encourages flowers and also, of course, keeps the older plants tidy.

In Oxford's Botanic Garden, the oldest in Britain, the cool greenhouse at this time of year is alive with a superb jasmine, not a scented one but a big *yellow-flowered one which* has climbed all over the roof. It is evergreen, Chinese and quite unable to resist frost. Called *Mesnyi*, it should be ordered on sight from any west country nursery's list by keen owners of conservatories. Its flowers are big, nearly two inches wide, and are borne profusely, like those on the hardy yellow winter jasmine which we all like to grow outdoors. Often, the flowers are semi-double, adding *to their impact. Only once* have I seen it grown in a pot and used as a house-plant. Yet this is a method which suits it well, as it likes to stand out-of-doors in summer and to be well fed on liquid manure, then brought back inside where it should be kept quite dry during the winter. All in all, an excellent house plant, if you can hold your room-temperature above 40° F. at night. To see this lovely plant at its best, you should watch for it in villa-gardens around Rome and Naples. We should make more of it.

Later in the year I assume that you will also grow the abundant sweet-scented white jasmine called polyanthum, the florists' dream. This is the one *which is sold at high prices* because it has been trained neatly over a sphere of wire. You can do this easily for yourself. I doubt, however, whether you would also grow a similar white-flowered climber, whose scent I happen to prefer. Yet *Mandevilla Suaveolens* is a memorable thing, bearing funnel-shaped white flowers with a scent in high summer which is quite delicious. It is an easy plant, discovered long ago in Argentina by a Mr. Mandeville, one of those Hilaire Belloc figures of the last century "with lots of stocks and shares and blocks of land in Buenos Aires." I envy him the memorial, for it is as fine a plant as the ice-blue climbing plumbago, a natural, if unscented, companion.

The best thing, I still think, is the easiest and most familiar. Inquiries still reach me for the name of the "climbing" geranium which I mentioned once in passing. In fact, there is no secret to it. You all grow it already. The geraniums which we bed out in summer are poor, frustrated climbers, longing to be given their heads to a height of 12 feet. The frost kills them, or we cut them down, before they can put their best stem forwards when grown in beds outside. But plant one, no more, against the wall of a lean-to greenhouse or in a large pot where it can race to the skies. *After a year or so, you will not* believe it. The strong scarlet Paul Crampel becomes a huge curtain of flower among sweetly scented leaves, showing 100 or so of its big heads of bloom and trumping any other climber in the book. Brilliant colour falls into place if you allow just one *plant to race upwards* and stand as a bold angle shrub. There is no secret, just a year's patience, a greenhouse without frost and a readiness to cut back this king of all climbers whenever it becomes too bare in its inner middle. If salvia scarlet bedder could also be made to climb upwards, who *knows what* praise it would have long since earned in this column?

New Zealand near historic win

CRICKET

BY HENRY CALTHORPE

Wellington, Feb. 14

AFTER AN extraordinary day's cricket on a badly breaking pitch, New Zealand are within *two wickets of winning a test* match against England for the first time in history. Eighteen wickets fell as New Zealand were bowled out for 123 in their second innings and in the last 127 minutes, England, needing 137 to win in just over eight hours, lost eight wickets for 53.

This is the moment which New Zealand cricket has been awaiting since they played their first test match against Arthur *Gilligan's England side* in 1929-1930. England remain the only test playing country they have still to beat in a test match.

Conditions during this match have conspired against England at the Basin Reserve.

But if Boycott had pushed the ball around more in England's first innings when the pitch was not so bad, England might have needed 50 or 60 runs less.

Even before the match began, *the pitch looked as if it had been* underprepared. The two first innings showed this, when the ball began to jump all over the place, first flying past the batsman's nose from only just short of a length and then hardly lifting from the ground. In the morning, Anderson and Howarth made a few heartening blows. But after lunch, it was a different game and the bowlers were encouraged by what they found.

Rose and Boycott each took a single off Richard Hadlee's first over and then Boycott tried to on drive Collinge's fourth ball, a half volley, seemed to lift his *head and was bowled. It looked* as if every New Zealander on the ground had won a personal jackpot and Collinge could not have asked for a more important wicket to bring his total of dismissals in first-class cricket to 500.

In Collinge's next over, Miller came forward and *when the ball* flew up at him off a length, it lobbed gently from the shoulder of his bat to fourth slip. Six *runs later,* Rose tried to pull out of the way a short lifter from Richard Hadlee, whose pace was extremely sharp, and was hit on the arm by the left elbow and had to retire. An X-ray showed that there was no break and he will bat in the morning.

Randall was third out in what *looked an unfortunate manner.* He came well forward to Collinge and the ball ballooned towards Boock at square short, who dived and failed to get his hands under it. By then appeals had been made and to Randall's amazement, he found himself given out lbw.

At the same score, 19, Roope went half forward to Hadlee and Lee took a one-handed catch to his right behind the wicket.

Botham now struck a few defiant blows cover driving Collinge and hooking Hadlee before getting himself out.

Taylor was run out in the same over when Old played Hadlee past short leg and the batsman ran, but Boock's throw from square leg hit the stumps before Taylor could get home. At the other end Old played at Hadlee from the crease and was LBW. With ten minutes to go, *Hendrick pushed out at Hadlee* and Parker held a stinging catch at first slip. Both Hadlee (4/21) and Collinge (3/31) exploited the conditions magnificently, *even if Hadlee was allowed too* many bounces.

Willis and Edmonds held out until the end, although by then Rose was padded up and waiting to bat. The best England can hope for now is a day of continuous rain

Totals were 228 and 215 respectively. When New Zealand continued their second innings to-day, it seemed that a total of around 200 would give them a worthwhile chance of beating *this weak England batting side.*

Since the match began, the two umpires have been amazingly *lax in* their attitude to fast bowlers following through on the pitch and damaging patches on the stumps on a good length.

No racing

There was no racing yesterday, because of weather conditions. To-day's meetings at Ascot and Bangor have also been called off. National Hunt meetings *lost this season now total 41.*

For overseas viewing only

ABOUT 10m. viewers across the world will tune in this week to watch This Week in Britain which is celebrating its 1,000th edition.

The five-minute programme is broadcast in 15 countries including Australia, Canada, Mexico and the U.S. It is produced by the Central Office of Information.

Collection brings £128,000

SALEROOM

BY ANTONY THORNCROFT

THE MAIN part of the collection of watercolours gathered by Walter C. Hetherington, a *solicitor in the 1920's and '30's,* sold for £128,225 at Christie's yesterday.

The collection, centred on *artists working between 1770 and* 1850, probably cost less than £5,000 when acquired, and many of the works were bought from Bernard Squire, the Wimpole Street dealer.

The top price was the £9,500 (plus the 10 per cent. premium) paid by the London dealer Anthony Reed for a view of Llyn Cwellyn, near Snowdon, by Francis Towne, a record for the artist.

The Welsh watercolours of 1777 were the first of four large series by Towne and in his possession at the time of his death. The *same dealer gave £6,000 for a* Gainsborough drawing of buildings near a lake in wooded landscape.

A Rowlandson view of Barnet in 1812 sold for £5,500 and Andrew Wyld, another London dealer, acquired "Seaweed *Gatherers on the shore*" by Peter de Wint for £5,200.

A Turner drawing of a vessel on a rocky coast, which had sold at Christie's in 1864 for three guineas, realised £3,800 yesterday while the same sum secured a Towne watercolour of an Italian landscape.

A detail of Barnet, Middlesex, in 1812, by Thomas Rowlandson: sold for £5,500.

Sotheby's Belgravia was concerned with Victorian pictures as well as water colours. The auction totalled £248,335 with only 5 per cent. bought in.

The best price, and a saleroom record, was the £9,000 from Gavin Graham for "Forfeits," a Victorian genre piece, by George Bernard O'Neill. The previous record for the artist was £6,000 last year, and the same painting sold for £3,200 in 1972.

Farmyard Friends, by Edgar Hunt, a pair painted in 1948, sold for £5,800, and a similar pair by *Hunt, painted in 1919,* made the same price.

"The Hunter's Greeting," by Frederick Hulme, realised £4,800: "A Hooker off Cork Harbour," by Captain Richard Beechey, £4,500; and "At Clovelly," by William Shayer, the same sum. There was another artist's record in the £3,500 given for "Seaton Marsh, Devon," by David Farquharson.

In Tehran on Monday, Sotheby's charity auction, handled by Peter Wilson, its chairman, made £642,000 for 38 items.

The sale was on behalf of one of Queen Farah's educational charities and she gave a three-strand pearl necklace which fetched the top price of £326,000.

Back in London, Sotheby's sold Continental pottery and porcelain for £57,162, with a top price of £4,200 for a Frechen Armorial Bellarmine of the 17th century, while an arms and armour sale contributed £71,255 with a best price of £5,000 for a pair of Holland and Holland sporting guns.

At Phillips was £8,000 in a *book sale for the eight volume* work, "A Voyage round Great Britain, 1814-25," by William Daniell. The volumes, which contain 308 colour plates, were estimated at £5,000 and bought by Weinreb and Douwma. The sale totalled £49,150.

In a Phillips sale of ethnographical works of art, which totalled £14,838, Edwinitis paid £2,100 for a rare Maori polished hardwood war club (estimate £1,000).

TV/Radio

BBC 1

† Indicates programme in black and white.

6.40 a.m. Open University. 9.15 For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Mister Men. 2.01 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School (as BBC 2 11.00 a.m.). 4.20 Touché Turtle. 4.25 Jackanory. 4.40 Screen Test. 5.00 John Craven's Newsround. 5.05 Grange Hill. 5.35 Paddington. 5.40 News.

5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.50 The Wednesday Film: "Elephant Walk," starring Elizabeth Taylor and Dana Andrews.
8.30 The Liver Birds.
9.00 News.
9.25 I Didn't Know You Cared.
9.55 Sportsnight from Las Vegas: Muhammad Ali v. Leon Spinks and news of the Alan Minter fight.
10.55 To-night.
11.35 Weather Regional News.

All Regions as BBC 1 except at the following times:—

Wales—2.18-2.38 p.m. For Schools. 3.05-3.35 Bilidowcar. 5.55-6.20 Wales To-day. 6.50 Heddiw. 7.10 Young Musicians of the Year. 7.40-8.30 The Rockford Files. 11.35 News and Weather for Wales.

Scotland—11.00-11.20 a.m. and 2.18-2.38 p.m. For Schools. 5.55-6.20 Reporting Scotland. 11.35 News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 9.25-9.55 Spotlight on Northern Ireland affairs. 11.35 News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40 a.m. Open University.
10.20 Gharbar.
10.45 Parosi.
11.00 Play School.
4.55 Open University.
7.00 News on 2 Headlines.
7.05 Too Big to Bargain With?
7.30 Newsday.
8.10 Inside Story: Behind the Front (story of the 1977 National Front rally).
9.00 It's Patently Obvious.
9.30 Play of the Week.
10.20 Arena: Art and Design.
10.55 The Light of Experience.
11.10 Late News on 2.
11.20 Music at Night by Caplet.

LONDON

9.30 a.m. Schools Programmes. 12.00 Clopa Castle. 12.10 p.m. Pipkins. 12.30 Sounds of Britain. 1.00 News plus FT Index. 1.20 Help! 1.30 Crown Court. 2.00 After Noon. 2.25 Hadleigh. 3.20 Paint Along with Nancy. 3.50 Couples. 4.20 Michael Bentine's Potty Time. 4.45 Pop Quest. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 *This Is Your Life.*
7.30 Coronation Street.
8.00 All God's Children Got Rhythm.
9.00 Mirage.
10.00 News.
10.30 A Prime Minister on Prime Ministers.
11.00 Bless This House.
11.30 World Snooker: The Ladbroke International.
12.00 Night Gallery.
12.25 a.m. Close: Christopher Cazenove reads poems about love.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 2.00 Houseparty. 5.15 Mr. and Mrs. 6.00 About Anglia. 11.00 Bryan Taylor. 11.30 Baretta. 12.25 a.m. The Big Question.

ATV

1.20 p.m. ATV Newsdesk. 5.15 Mr. and Mrs. 6.00 ATV Today. 10.30 Citizen's Rights. 11.15 The Butlin's Grand Masters Darts Championship. 11.45 Police Surgeon.

BORDER

†1.20 p.m. Border News. 2.00 Houseparty. 5.15 Out of Town. 6.00 Lookaround Wednesday. 11.00 The Odd Couple. 11.30 The Butlin's Grand Masters Darts Championship. †12.00 Border News Summary.

CHANNEL

1.18 p.m. Channel Lunchtime News and What's On Where. 6.00 Channel News. 6.10 Dynomutt the Dog Wonder. 10.28 Channel Late News. 10.32 Rising Damp. 11.00 A Prime Minister on Prime Ministers. 11.30 Pro-Celebrity Snooker: Canadian Club Trophy Final. 12.20 a.m. Epilogue followed by News and Weather in French.

GRAMPIAN

9.25 a.m. First Thing. 1.20 p.m. Grampian News Headlines. 6.00 Grampian Today. 6.30 Police Newsroom. 11.00 Reflections. 11.05 Celebrity Concerts (Leslie Uggams).

GRANADA

1.20 p.m. This Is Your Right. 5.10 This Is Your Right (second chance to *see today's lunchtime programme*). 5.15 Crossroads. 6.00 Granada Reports. 6.30 Wish You Were Here? . . . †11.00 The Untouchables. †11.35 George Hamilton IV.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Help Yourself. 5.15 Dodo the Space Kid. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Wish You Were Here? . . . 11.30 Let There be Langton or a Whole Lot of Loving.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.20 Miri Mawr. 4.30-4.45 Un Tro. 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 p.m. News and Road Report. 2.00 Women Only. 5.15 Pipet and Friends. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Weir's Aweigh. 10.30 Welcome to the Ceilidh. 11.00 Out of Town. 11.30 Late Call. 11.35 Police Woman.

SOUTHERN

1.20 p.m. Southern News. 2.00 Houseparty. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day by Day: Wednesday Extra. 11.00 Police Surgeon. 11.30 Southern News Extra. 11.40 Healthy Eating.

TYNE TEES

9.20 a.m. The Good Word followed by North East News Headlines. 1.20 p.m. North East News and Lookabout. 2.00 Women Only. 5.15 Happy Days. 6.00 Northern Life. 11.30 Risko. 12.25 a.m. Epilogue.

ULSTER

1.20 p.m. Lunchtime. 4.18 Ulster News Headlines. 5.15 Dynomutt, The Dog Wonder. 6.00 Ulster Television News. 6.05 Crossroads. 6.30 Reports. 11.30 World Championship Darts. 12.00 Make it Count, followed by Bedtime.

WESTWARD

12.26 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 6.00 Westward Diary. 10.28 Westward Late News. 10.30 Rising Damp. 11.00 A Prime Minister on Prime Ministers. 11.30 Pro-Celebrity Snooker (Canadian Club Trophy Final). 12.20 a.m. Faith for Life.

YORKSHIRE

1.20 p.m. Calendar News. 5.15 Mr. and Mrs. 6.00 Calendar (Emley Moor and Belmont editions). 11.00 The Odd Couple. 11.35 Risko.

RADIO 1 — 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.02 Noel Edmonds. 9.00 Simon Bates. 11.31 Paul Burnett including 12.30 p.m. Newsbeat. 2.00 Tony Blackburn. 4.31 Dave Lee Travis including 5.30 Newsbeat. 7.00 Sing Something Simple (S) (joins Radio 2). 10.02 John Peel (S). 12.00-5.00 a.m. As Radio 2.

VHF Radios 1 and 2—6.00 a.m. With Radio 2, including 1.55 p.m. Good Listening. 10.02 With Radio 1. 12.00-5.00 a.m. With Radio 2.

RADIO 2 — 1,500m and VHF

6.00 a.m. News summary. 6.02 Cricket: First Test—New Zealand v. England (report). 6.03 Ray Moore (S) with The Early Show, including 6.15 Pause for Thought. 7.32 Cricket: First Test (close-of-play report). 7.33 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 p.m. Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Sing Something Simple (S). 7.30 Listen to the Band with Charlie Chester (S). 8.15 Semprini Serenade (S). 9.02 Bing, part 7. 9.55 Sports Desk. 10.02 The News Huddlines starring Roy Hudd. 10.30 The Show With Ten Legs, starring Eddie Braben. 11.02-5.00 a.m. The All-Night Late Show with Brian Matthew including "live" commentary from Las Vegas on the Ali v. Spinks World Heavyweight Championship fight; news of the Alan Minter v. Sandi Torres world eliminator, also including 12.00 News.

RADIO 3 — 464m, Stereo & VHF

† Medium Wave only

†6.55 a.m. Weather. 7.00 News. 7.05 Your Midweek Choice, part 1 (S). 8.00 News. 8.05 Your Midweek Choice, part 2 (S). 9.00 News. 9.05 This Week's Composer: Palestrina (S). 9.40 Music for Organ (S). 10.10 Two Early Schoenberg String Quartets. 10.55 Brahms and Schubert Songs (S). 11.45 Midday Concert (S). 1.00 p.m. News. 1.05 Concert Hall (S). 2.00 Youth Orchestras of the World, part 1: Mozart (S). 2.45 Imogen Holst (talk). 2.50 Youth Orchestras of the World, part 2: Holst, Haydn. 3.25 20th-Century Violin Music (S). 4.10 Piano Recital (S). 5.00 Building A Library of records (S). 5.45 Homeward Bound. 6.05 News. 6.10 Homeward Bound (continued). 6.30 Lifelines: Language and Communication. 7.30 The Art of Dinu Lipatti (talk with records). 8.00 BBC Symphony Orchestra, part 1: Bartok, Sinopoli (S). 8.50 The Arts Worldwide. 9.10 BBC Symphony Orchestra, part 2: Schoenberg (S). 10.10 The Art of the Sonnet (talk by Robert Nye). 10.40 Clarinet Recital (S). 11.25 News. 11.30-11.35 And Tonight's Schubert Song on record.

Radio 3 VHF only—6.10-7.00 a.m. and 5.45-7.30 p.m. Open University.

RADIO 4

434m, 330m, 285m and VHF

6.15 a.m. News. 6.17 Farming To-day. 6.35 Up to the Hour. 6.52 (VHF) Regional News. 7.00 News. 7.10 To-day. 7.35 Up to the Hour (continued). 7.52 (VHF) Regional News. 8.00 News. 8.10 To-day including news headlines, weather, papers, sport. 8.45 Yesterday in Parliament. 9.00 News. 9.05 The Living World. 9.35 My Dear Music. †10.00 News. †10.05 In Britain Now. 10.30 Daily Service. †10.45 Morning Story. †11.00 News. †11.05 You, the Jury. 12.00 News. 12.02 p.m. You and Yours. 12.27 What Hot Jester? 12.55 Weather, programme news VHF (except London and SE) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour (2 from 2.00) includes 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre (S). 3.50 Choral Evensong. 4.35 Story Time. 5.00 PM Reports. 5.40 Serendipity. 5.55 Weather, programme news (VHF) Regional news. 6.00 News. 6.30 My Music (S). 7.00 News. 7.05 The Archers. 7.20 File on 4. 8.00 Lord Peter Wimsey. 8.30 The Reith Lectures. 9.00 Science Now. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World To-night. 10.30 Round Europe Quiz. 11.00 A Book at Bedtime. 11.15 The Financial World To-night. 11.30 To-day in Parliament. 11.45 News.

For Schools (VHF) only 9.05 a.m.-12.00 and 2.00-3.00 p.m.

BBC Radio London

206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.00 Holiday Scene. 9.20 London Live. 11.03 In Town. 12.03 p.m. Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 In Town (as 11.03 a.m.). 8.30 In Concert. 10.03 Late Night London. 12.00-Close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

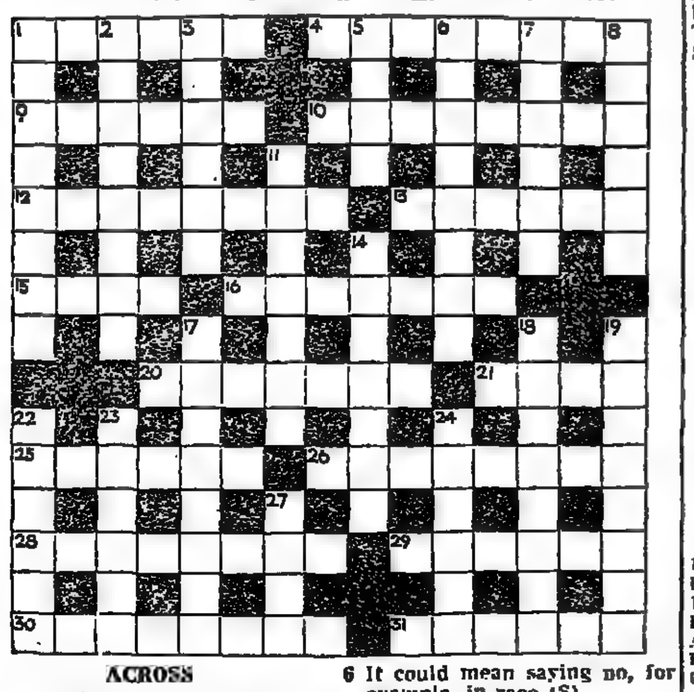
5.00 a.m. Morning Music. 6.00 A.M.: Non-stop news, travel, sport, reviews, information. 10.00 Brian Hayes. 1.00 p.m. LBC Reports including George Gale's 3 O'clock Call. 8.00 After 8—with Ian Gilchrist. 9.00-1.00 a.m. Nightline.

Capital Radio

194m and 95.8 VHF

6.00 a.m. Peter Young's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash with Cash on Delivery (S). 3.00 p.m. Roger Scott with his Three O'Clock Thrill (S). 7.00 London Today. 7.30 Adrian Love's Open Line with Anna Raeburn (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S) including 11.35 Moment of Terror. 2.00 a.m. Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,594



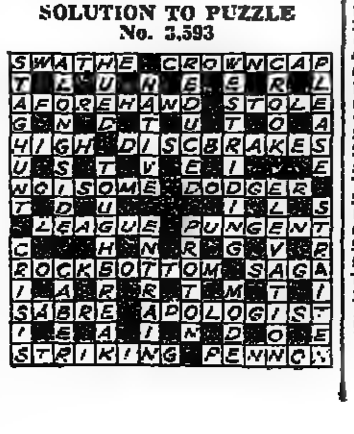
ACROSS

1 Water-bottle *for soldiers* in restaurant (6)
4 Bird and monarch boasting (8)
9 To have a whip-round about six is extravagant (8)
10 Loading a mixture from corner to corner (8)
12 Very thankful to be replaced (8)
13 Rotates backwards without a direction but it doesn't move! (6)
15 One who draws a row? (4)
16 Duck feather? It's a thought! (7)
20 To drink with technical soldiers is first-class (7)
21 He accepts Her Majesty in this place (4)
25 Scare right inside box (6)
26 Tip fish in pudding (8)
28 The expense of departing . . . (8)
29 . . . and arriving in profit (6)
30 Dwelling place for eastern people under canvas (8)
31 Fellow accepting me is lower in status (6)

DOWN

1 Speed with which it appears in plant (8)
2 Composer played first-violin but became entangled (8)
3 Football Association's reduced *side could be close* (6)
5 Western fruit to beat to a froth (4)
6 It could mean saying no, for example, in race (8)
7 Native in pub at start of evening (6)
8 A learner surrounded with blood—lots of it (6)
11 *Main drink on the coast* (7)
14 Change our name to charm (7)
17 Mothers' Union quiet area could expand rapidly (8)
18 A short interval for musicians (8)
19 Colour of vessel carrying hooter and Tom (3-5)
22 Attempt to provide a bit of relief for them (6)
23 Unusual points seen in internal combustion engine (6)
24 Cake giving bad smell in the south-east (6)
27 Wanting a name immediately (4)

SOLUTION TO PUZZLE No. 3,593



APPOINTMENTS

Hawker Siddeley Group posts

Mr. G. T. Checketts has been appointed to the Board of HAWKER SIDDELEY DYNAMICS ENGINEERING. He became managing director of Hawker Siddeley International in December, 1977. Mr. G. S. Mullis, who has joined the Board of Crompton Parkinson Instruments, has been accountant to the company since 1975. Mr. P. G. Pollock, now appointed finance director of Hawker Siddeley Power Transformers, will continue as secretary to the company. Mr. M. E. H. Watkins, who becomes finance *director of R. A. Lister Power* Plant, joined the company as financial *manager* in May, 1977. Mr. P. B. Winter, who has been made finance director of Brush Power Equipment, *has been* financial controller and secretary since the company's formation. Mr. C. J. Yarrow, now appointed technical director of Electric Construction (W'ton), was with the aircraft equipment division of English Electric Company (now Lucas Aerospace) before becom*ing head of the electrical* machine design team in 1968.

★

Mr. D. N. Cledwyn-Davies, currently production director, has been appointed managing director designate of the PILKINGTON Flat Glass Europe Division. He will succeed Mr. R. W. Crosbie, who will be retiring in June. Mr. G. A. Dickinson, who has been made production director desig*nate*, will also continue as technical director until a further appointment is made. Mr. Thomas R. Clayton has joined the Board of the optical division at Pilkington. Mr. Clayton has been per*sonnel co-ordinator of this* division since January, 1977.

★

Mr. Guy Smallwood has been made sales director of INGLEFIELD GROUP.

★

Mr. R. W. Smith has retired as deputy chairman of J. H. Minet and Company, but remains deputy chairman of MINET HOLDINGS. Mr. S. R. Arnold and Mr. R. W. Pettitt have been appointed joint deputy chairmen of J. H. Minet and Company, and Mr. P. H. Foster, Mr. R. A. Fundell, Mr. B. J. Hayes and Mr. Pettitt have been elected directors of that *company*.

★

Mr. Colin G. Stapleton has been appointed deputy chief executive of EVER READY COMPANY (HOLDINGS) from February 27.

★

Mr. K. P. Legg has been appointed non-executive vice-chairman of WARREN PLANTA*TION HOLDINGS and Mr. C. D.* Jakes has become managing director.

★

Three new appointments have been announced to the Board of BOVIS CONSTRUCTION. Mr. W. T. A. Farmer and Mr. R. J. Peggs, who each become head of an operations division, and Mr. B. J. Hodgson, who takes on responsibility for central surveying, were previously regional *directors*. All three will be responsible to Mr. D. H. Woolf, head of Bovis Construction's U.K. and European operations, who continues to be directly responsible to Mr. B. P. Heaphy, managing director, for management contracting.

★

Mr. Gerald Benjamin has been appointed director of DYNO PACKAGING (U.K.), the newly formed subsidiary of the Dyno *Industries Group of Norway.* He will operate from new U.K. headquarters in Basingstoke where he was formerly a director of Food Containers.

FINANCIAL TIMES

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SUBSCRIPTIONS

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lvier

The Cherry Orchard by B. A. YOUNG

Corinne Cockrell

Dorothy Tutin, Robert Stephens and Susan Fleetwood

is impossible to avoid com- ng this production by Peter l with Peter Gill's production Hamersmith, and the com- son need embarrass neither, they are as different as two luctions of the same play can lammersmith, and the com- scenery at all; the parquet he floor is repeated in the ; wall, and the sets are ured up by the players. At Olivier, John Bury has gned detailed sets that con- the action very specifically. matter of fact they seem intain it on a different kind age from the Olivier's; there firm line upstage, even in open-air second act, where background is shown on a ted flat, and the acting is ed straight out from back to t as if the Olivier had a cenium arch.

e new translation by Michael n is for once an improve- t on previous translations. beautifully conversational: w about that!" says Gayev i it strikes him that his case is one hundred years But it is free from too much emporary idiom, and sounds rtant when this is required; it is (if I can judge only by paring it with other English ons) free enough to bring *sentiments* fully into our time.

begin at the bottom of the l ladder, there are interest- performances by Derek apson as the footman Yasha, e ambition is kept in his class, and by Nicky Henson epikhodov, meticulously cor- even though he has not been he stage a minute before nas dropped a bunch of rs on the floor and knocked a chair. I don't see Ralph ardson as Firso, I must say; les not give me the impres- of an old and sick man, for his inarticulate speech. In ast scene, which should en- liate the tragedy of the e's decay, I knew that when ealised what was going on ould shout through the win- dow for someone to come and unlock the door—a conviction that was emphasised by the in- adequate stress placed on Yasha's failure to send him to hospital.

Trofimov, however, comes over very importantly in Ben Kings- ley's performance. There is no doubt something of the charac- teristic student's rhodomontade in some of what he says; but we can see now, as I suppose the Russian audiences could not see in 1903, how much good sense there is lurking in what he has to say; and Mr. Kingsley says it with conviction.

Lopakhin, too, in Albert Finney's capable hands is an utterly serious character, for all his yellow boots. Mr. Finney allows himself a little dance of triumph at his successful bid for the estate—it made me think of Hitler accepting the surrender of France—but he is on the whole a dignified character, capable no doubt, with the aid of his wealth, of settling down as a bourgeois once the family has left.

Dorothy Tutin is a charming, petite Ranyevskaya, as usual suggesting that she came by her complex life experiences at an early age, since she seems little older than her adopted daughter Varya, who is played with a sad solemnity by Susan Fleetwood. (Miss Fleetwood can put as much emotion into "Anyway, the thermometer's broken" as Maggie Smith did into "This haddock's disgusting.") Miss Tutin keeps her feelings on a tight string: we know only too well how she feels, but she never makes an exhibition of herself. She even weeps with dignity. Robert Stephens plays her brother Gayev with similar restraint: he may launch into a speech off the cuff now and then, but he doesn't seriously expect anyone to listen very long. Judi Bowker is an attractive Anya, but between her and Susan Littler's maid Dunyasha there seems too little social gap.

No character in this play can be dismissed. Helen Ryan makes an effective Charlotta, and does her tricks with the rug better than I can remember seeing it; and Terence Rigby gives a fine round performance as Simeonov-Pischik, as happy when he is broke as when he has come into his unexpected wealth.

ert Hall

Verdi Requiem by ARTHUR JACOBS

cording to last week-end's advertising, the per- ers of this Verdi *Requiem* "Philharmonia-Muti." No rs' names were mentioned. aps they need not be: and public flocks to the work conductor's showpiece first l. Whatever the origins of Requiem as a memorial te to Manzoni, it is to-day lebration of the bass drum he Philharmonia Orchestra's two bass drums), of trum- on-stage and off-stage, of mum contrast between the ught of the recurring *Dies* and the lightly scurrying tus.

d so it was last night. ardo Muti powerfully dis- ng the variety, intensity and of the work. Following ern fashion he gave it with- n interval, but such was the entration that the almost 90- minute length did not for a moment seem wearisome. His own special touch, almost at the end, was a dramatically held- back "Domine, domine, libera, libera" and then an immediate *accelerando* — highly effective and by no means an *intrusion* into the style.

Vocally, as it happened, this was a highly unusual perform- ance. The amateur Philharmonia Chorus had been replaced — for reasons which seem to have as much to do with industrial demarcation as with artistic choice — by over 150 profes- sionals from the Ambrosian Singers. (This is the general name given to the highly efficient, variable-sized pool enlisted and trained by John McCarthy.) The soprano soloist was the well-loved Renata Scotto, returning to London after a seven-year gap, and the bass was the much-heralded young Russian, Yevgeny Nesterenko, in his first London appearance.

Music critics last night having been seated so near the platform that almost any choral sound would have been overwhelming, I abstain from comparative judgment between amateurs (who would have been rather more numerous) and pro- fessionals. Certainly this was a precise and responsive as well as a strong choral tone. A pity that (like other conductors) Mr. Muti seats his choralists in such a way that no clear antiphony between the two parts of the divided chorus is possible in the *Sanctus*.

Miss Scotto, though her recent recordings have not found her invariably in good form, was splendid in this Verdi score. In the final number, her immediate change from the ethereal high B flat to a quite different vocal production for "Libera me, Domine" was vividly expressive. Mr. Nesterenko proved himself first class—smooth, sonorous and noble in voice, even if he does *not wring every drop of terror-* stricken pathos from "Mors stupebit" as more seasoned performers do.

I found little attractiveness in Veriano Luchetti's tenor—not entirely, I think, because I was rather disadvantageously placed for hearing him. The tone of Florenza Cossotto is not, I am aware, to everyone's taste but it is certainly to mine. I forgave even the odd flat note for that dramatically poised *delivery in* a tone which proclaims that "mezzo-soprano" means some- thing special, not just a soprano who didn't quite make it.

levision

Oh, what a pile-up!

by MICHAEL THOMPSON-NOEL

know it is unfair. I know illogical. But each time y Hill gives a flick of his and a twirl of his fountain at the start of another on of *Match of the Day*, I am aken by a strong desire to forward in my chair and him by the throat. The tion does not persist. After rt while my eyes glaze and gently into coma, but while es last, the urge is painful disquieting.

is not his nattiness which ds, for his ties and suiting f anything less twee than adopted by rival frontmen her sports studios. It is not tyle which transgresses, nor heeriness, nor teeth. It is even his skills of analysis worry and gnaw, for he is vant and reasonable to the brink of irritation.

, it is his blandness I find so to take—his ability, un- ed and unrehearsed, to ate the people and events describing with a mould of nableness which is absurdly ropriate. Soccer has it all: be hypnotically exciting or ngly dull; it can pass mus- s the best game invented e wit of man, or as the most ; it can be exaltingly athletic ad, bad and dangerous. Yet ever heights or depths it es on a particular Saturday Jimmy Hill smoothes it own. He balances this with and that with the other and e process drains away all nt and excitement.

t that he's the worst. Con- l with some of his fellow- itioners in sports broad- g, particularly those com- ators heavily in the nity, who strive to infest second with a drama it does ossess and infect each shot a significance it cannot the demureness of Jimmy is almost to be welcomed. t not quite. Increasingly, on the box is joining the dwagon, particularly in nt. Some of it retains its the BBC's *Sportsnight* is ood as it always was, and channels remain capable of g to the big occasion. But ed pap now comprises a ficant proportion of tele- sport, perhaps because the rammers have so many s to fill. In 1976-77, the BBC out 1,122 hours of sport— per cent of its total broad- ng hours and more than the bined hours devoted to a, music and light enter- nent. In the same year, the ay sports transmission of the average ITV station was nine hours, or 9.5 per cent of the total.

Consider last Saturday. With a third of the Football League programme obliterated by the weather and the day's racing snowed off, the BBC's *Grand- stand* (four hours, 50 minutes) and ITV's *World of Sport* (four hours, 35 minutes) presumably attracted big audiences. What *fare were they fed?*

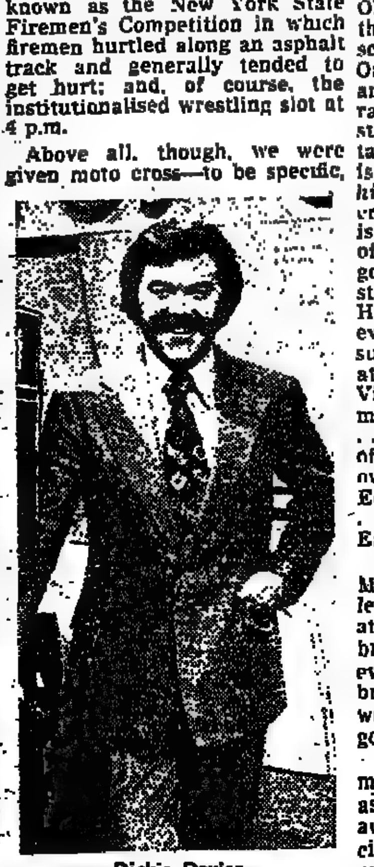
Grandstand, with Frank Bough as anchorman, won narrowly on points, although that is saying little. It opened with Football Focus, intended as an action pre- view of the day's games, as well as a review of the week's big talking points. It was amiable, competent magazine stuff until someone—inevitably—asked Gor- don McQueen, Manchester United's £500,000 signing, what it *felt* like running out there for his first match with a price tag of half-a-million on his head. Good grief, it's the silliest ques- tion there is. Sportsmen and women are constantly being asked what it *felt* like when they heard the bell, crossed the line, cleared the bar or short-changed *the goalie, and they almost never* know.

Thereafter, *Grandstand* took us ski-ing (a cheerless stand-in for the postponed racing at New- bury), showed us more than was good for us of a Benson and Hedges snooker tournament from the New London Theatre, momentarily attracted our atten- tion with a dazzling table tennis match between Teng-Yi and Li Chen-Shih, entertained us with some frightening shots of GB11 ploughing through tumultuous seas in the leg to Rio in the Whitbread Round the World Race, kept us in touch with the international athletics match at Cosford between Great Britain and West Germany and finally put us all out to pasture with the Leeds v. Halifax Rugby League match, a game that was only whispered into life by the star running and positioning of *a renegade Collie dog.*

There was considerable enter- tainment at the end of *Grand- stand* when Lord Bath, chair- man of the Pools Panel, lent his charm and grace to Final Score by reading out the panel's con- tributions to the day's football results, but the assault course of tedium that had gone before had been extravagant in con- ception.

Filling out the time with World Cup ski-ing or an indoor athletics match of only marginal importance may make for econo- mic programming, but can it really be of relevance to the British working man? Perhaps it can. At any rate, *World of Sport* on the other side, although shorn of its ITV-7 from Cat- terick and Wolverhampton, a loss it made good with four grey- hound races from Harringay, was even harder at work than the BBC when it came to filling in the *frozen wastes of Saturday* afternoon with its own formula for sport. With anchorman Dickie Davies looking quiffed and happy, we were served the world two-man bobsleigh champion- ships from Lake Placid; a strange and peculiar form of self-abuse known as the New York State Firemen's Competition in which firemen hurtled along an asphalt track and generally tended to get hurt; and, of course, the institutionalised wrestling slot at 4 p.m.

Above all, though, we were given moto cross—to be specific, the Shellsport National Trophy from Hadleigh in Essex, a gear- grinding, mud-wallowing exercise which drew hysterical enthusiasm from the commentator, John Mould.



Dickie Davies

"Look at *that* for action," he shouted when the sidecar event was underway. "Upside down at the moment, we can't see who it is . . . just look at this style here . . . There's Skeet on his backside and Elliott on *his* back- side . . . Are they in trouble? Yes, I thought they were in trouble . . . Just look at the trouble on this Monkey Hill here . . . We've certainly had some action here . . . Here we are on Monkey Hill . . . Will he make it? No he won't . . . What very good camera work by my camera- man here . . . *The sun's still* shining . . . Excellent shot from the camera there . . . He's rammed him! He's hit him! What action!"

A moment later, still gasping with excitement, Mr. Mould was launching us into the solo event: "The leader still Geoff Maze on the works Kawasaki: this will please the Kawasaki boys . . . Oh, what a pile-up! . . . Up to the top of Monkey Hill, what a scrap this is. . . . Great racing. On the Hairy Hill they are now, and what a scrap this is, what racing. . . . Vaughan Simmons still in second. . . . Simmons takes him—No! No! Oh! Geoff is there—No, Banks has taken *him.* . . . What marvellous motor cross. . . . Oh, what racing this is! . . . Look at this, the cheek of it. . . . Vaughan Simmons goes down. . . . The leader is still John Banks on the works Honda, beautifully turned out as ever. . . . There he is, riding superbly. . . . There's Vick, look at Vick. . . . One lap to go. . . . Vick looks over his shoulder as much as to say let's have a go. . . . There's the leader—the *style* of John Banks! . . . Runs his own business in Bury St. Edmunds. . . . This is great! . . . John Banks is first, Vic Eastwood is second. . . ."

Without so much as a pause, Mr. Mould offered us the second *leg of the solo event immedi-* ately after the commercial break, but I felt I had to decline, even though the sun shone bright on Monkey Hill and the works Kawasaki was roaring to go.

Mr. Mould may not know it, he may or may not care, but astronomers have long been aware that evidence of terrestial civilisation may be detectable over interstellar distances even though we make no particular efforts to announce our presence. In the years to come, reasonably proximate civilisations far in advance of our own will be able to monitor with ease the raucous messages of Mr. Mould and his colleagues, for the entire tele- vision band is transmitted by the earth's ionosphere. It is a sober- ing thought that even now, "Oh, what a pile-up!" is travelling forth at the speed of light as an interstellar emissary from Britain.

New York Public Theatre

Realism lives off Broadway

by FRANK LIPSIUS

A hot summer night in a New York City police station, furnished with two cops, two accused murderers and a water cooler practically define a drama- tic genre of their own. With Thomas Babe's new play, *A Prayer for my Daughter*, the stereotyped setting and charac- ters only emphasise the origina- lity and uniqueness of this particular night's work of the cops extracting a confession from the accused. The cops are fami- liar enough types, though Mr. Babe allows some intelligence and sensitivity to the older one, whom George Dzundza plays to the hilt of middle-aged world weariness. His colleague, a moody brooding man played ominously by Jeffrey De Munn, is himself a drug addict who manages to manipulate his young prisoner with the drugs he keeps in his desk. Familiar, too, are the prisoners, hyped up on drugs, charismatic religion—in this case something called "eclectic spiritualism"—and the struggle among degrees of forbearance, confession and the temptation to rat on *the* other one.

What makes the play unique is Babe's totally engrossing dia- logue, a combination of wise- guy expletives and exposed raw nerves. The vulnerability of the prisoners, beat up and victimised by the cops as well as craving their drugs, is matched by the older cop's pre-occupation with his daughter's attempted suicide, an event reported by 'phone conversations throughout the play and the source of the play's title.

Directed by Robert Allan Ackerman *A Prayer for My Daughter* is a highlight of the new season at the Public Theatre. Joseph Papp has re- turned to exclusive use of its several theatres now that he has abandoned the Vivian Beaumont Theatre in Lincoln Centre, a venue that was drawing creative and financial resources from the Public. The loss of an uptown theatre is compensated for by the full use of the Public's large premises and several theatres.

The upstairs cabaret, a late addition to the Public's theatres, provides a Sundays-only produc- tion of Ntozake Shange's third play which, like her immensely successful *For Colored Girls Who Have Considered Suicide/When the Rainbow is Enuf* (now in its second year on Broadway), con- sists primarily of dramatic read- ings of poetry with an easy jazz background provided by a band calling themselves Teddy and His Sizzling Romancers. The play, called *where the mississippi meets the amazon*, after one of the poems, works best when the subject is Harlem streets and the tough, foxy people who make their way in the urban jungle, the ones who go home and stare out the window dreaming and writing of worlds beyond.

A third play at the Public is an informal, modern production of Machiavelli's *The Mandrake*, translated by Wallace Shawn, who also plays the servant Siro. The production is modestly mounted with a painted backdrop depicting Florence in appealing pink hues with props brought forward on a revolve as needed.

The attempt by director Wil- ford Leach to make up for modest settings with exuberant performances works only with Larry Pine, whose stentorian voice and bemused superiority make a brilliant cleric. The rest of the cast get slapstick con- fused with farce, leaving the pro- duction mostly silly and sloppy.

The prolific David Mamet has *a successful, if modest, new work* playing in Greenwich Village. *A Life in the Theatre* provides a backstage glimpse at the rela- tionship between two actors going through the paces of a variety of roles. Fluffed lines, jealousy, quick changes of cos- tume all parade before the audi- ence. Scenes vary between a World War I foxhole to a hos- pital operating room, which the same two actors, Ellis Raab and Peter Evans, play with their backs to the audience. Props are turned backwards and the back- drop depicts *an actor's eye view* of a theatre with rows of lights showing aisles with exit signs in the distance. The scenes are consistently amusing and varied, climaxing in a tense operating room, where the two surgeons argue over who has the next line and vent their frustrations on the patient beneath them.

Another established off-Broad- way repertory company, The Phoenix Theatre, first presented *One Crack Out* in a series of staged readings last year. Now done in full production, the play follows the melodramatic story of a Canadian pool hustler who has two days to pay off a vin- dictive loan shark. The charac- ters look like refugees from tele- vision, except that one can be sure that a television production would have at least had better pool players to go through the motions of the play. At times too much goes on as the poor slob, played well by Kenneth Welsh, looks for ways to pay off *his debt, and at other times too* little, as we search for real motives from cardboard charac- ters. A number of decent set speeches indicate that the play might have gone over well in a dramatic reading, but much is lost in translation on to the stage.

Christine Baranski as Wanda in 'One Crack Out'

The Squat Theatre Company, settled in a store-front in com- mercial 23rd Street after emigrating from Hungary in 1976, show how little translation of another sort is needed for successful productions. Though heavily accented, extensive quotations from Dostoievsky and Artaud punctuate the scenes, the most successful parts of the work, entitled *Pig Child Fire!* take place in silence through the window looking on to 23rd Street. Passers-by are drawn in to scenes of gunfights and other, less provocative, behaviour as the audience observes them through the window. A video- tape camera follows the action as well and broadcasts it simul- taneously on a large television on stage. Some of the scenes mock French films or American television or just elicit responses from New Yorkers strolling innocently in front of the theatre. Altogether it makes a strong impact with an imagina- tive use of film on stage and bystanders outside.

Philadelphia has lately acquired an experimental space in a river front loft for theatre, poetry readings, and films. One theatre production, conceived and directed by Jeff Cain, tries to enact the growing absurdity of what Cain characterises as "a visual serial poem." *The Living Room at the Bottom of the Lake*, its title, has some effective scenes when a mannered French bourgeois confronts ghosts, beautiful women, and New Year's celebrants practically coming out of the woodwork. The cumulative impression, though, is too diffuse, for every scene does not carry the same force and too many just seem pointless.

Poetry Society secretary

Michael Beckerman has been appointed general secretary of The Poetry Society following the resignation of Robert Vas Dias to pursue his activities as a free- lance writer and editor.

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Puzzlingly worse

IF THE DECEMBER trade figures were disappointing, the January ones are downright bad. In December a visible surplus of £71m. was transformed into a deficit of the same size and the current account surplus as a whole (after taking account of an estimated net credit for invisible transactions) fell from £216m. to £74m. In January, however, the visible deficit widened dramatically to £324m. and the current account as a whole slipped into a deficit of £179m.—the worst outcome since January of last year. The coincidence may suggest that the difficulty of making seasonal adjustments for an exceptionally long Christmas holiday in both 1976 and 1977 could be largely responsible for the poorness of the figures. But the official statisticians, while recognising that this factor may have had some effect, do not regard it as important.

They find it hard, in fact, to pin down any very obvious reasons for what occurred in January. It so happened that trade in items which normally tend to fluctuate sharply from month to month (North Sea installations, ships and aircraft, precious stones) moved in our favour during the month. The deficit on oil fell, and the terms of trade moved further and quite sharply upwards. Yet all this was much more than offset by what are described as "erratic movements" elsewhere, notably in imports of food and chemicals.

Export fall

The rise in food imports could conceivably be put down to anticipation that the Green Pound would be devalued. But it would take a good many other and less plausible conjectures to explain the January figures. It is better to stick to the assumption that there were various erratic factors at work on a larger scale than usual and take a more detached look at the recent run of the figures — comparing the last three months with the preceding three. Even this is not altogether satisfactory, since the comparison is distorted by special factors like the end of the U.S. dock strikes and the appreciation of sterling, but it does make it easier to pick out the trends which most need to be watched.

There are two in particular which stand out, and which were worrying even before the January figures became available. One is the fall in the volume of exports, which amounted to 4½ per cent. even when the more "lumpy" items are excluded from the comparison. This is larger, on the face of it, than might be expected from the state (admittedly not very buoyant) of world trade. It has come about earlier, too, than one would expect on grounds of price alone. But the last CBI survey of business opinion found a sharp reduction in optimism about export prospects, in which the increased difficulty of competing on grounds of price played an important part. Relative prices, of course, may well not be the only influence at work.

Import rise

The other, if anything more worrying trend, is the way in which imports of manufactured goods have been growing. Between 1976 and 1977 the volume of imported manufactured goods rose by 12.9 per cent. and that of consumer goods by slightly more, though output was flat and consumption slightly lower on the year. This tendency seems to have continued, though output is still flat. It looks as if the rise in imports of raw materials and semi-manufactures which is bound to take place as production moves up, quite apart from the need to rebuild stocks and the possibility of supply bottlenecks at home, may be augmented by a sharp rise in imports of finished investment and consumption goods.

The Chancellor has given himself time in which to collect as much information as possible about the state of the economy before introducing his Budget. These latest trade figures must reinforce his determination to resist the wilder calls for a large increase in consumer purchasing power, and give point to the warning issued by Mr. Barnett last week that hopes of a cut in taxation should not be pitched too high.

Tougher but more brittle

THE GOVERNMENT may have thought that it had hit upon a clever way of resolving an irritating challenge to its pay policy when it sanctioned last month's settlement with the firemen, giving them an immediate increase of 10 per cent. and a firm promise of more later on when the present phase of pay policy has expired. But the formula was one which Ministers could hardly expect other groups of organised workers to refrain from taking up once they had seen the firemen pave the way. Already, local authorities are privately reconciled to the fact that Lord Edmund-Davies's inquiry into police pay, which is not due to report until the spring, is expected to suggest an arrangement similar to that of the firemen. Now the Shell oil tanker drivers have agreed to accept an offer couched on broadly similar lines.

The settlements may differ in detail. The firemen were promised two further increases which, by November 1979, will put them on a par with skilled manual workers' pay and which will be automatically adjusted to keep them there from then on: while the Shell tanker drivers have been offered a new basic rate, giving them an extra 10 per cent. back-dated to November, and a further 10 per cent. from next November when their overtime pay will be calculated on the basis of the new rate. But the effects of the two settlements are the same. Subject to whatever the Department of Employment may yet say about the tanker drivers' deal, both groups of workers have been persuaded to settle within what appears to be the letter of the current pay guidelines by a formula which defers a substantial part of the promised increases until a period when the present guidelines no longer apply.

Losing ground

This was not the only point of similarity. The firemen believed they had been losing ground in the pecking order of public sector pay while the tanker drivers, who see themselves as an elite among drivers because of the inflammable cargo they carry, had seen their differentials eroded by successive years of pay restraint. They saw the prospect of slipping further still in the face of the 15 per cent. settlements which had been reached in other sectors of the road haulage industry.

These two groups are by no means the only ones to have become deeply concerned by the erosion of pay differentials. Furthermore, somewhat more than half of the settlements due during the present phase have yet to be made. It is true that most groups of manual workers have by now agreed to a Phase Three increase. But the electricity supply workers' negotiations have yet to be concluded. This is an area where feelings about loss of differentials are running high and where the unions involved could exercise considerable industrial power should they choose to use it.

The firemen's formula has not been the only way in which the strict application of the present guidelines has been bypassed. Many negotiators have made full use of the exemption made for productivity schemes. It is true the Department of Employment is monitoring some of these schemes to see if, in fact, they are self-financing. But to what purpose? If the Government should become dissatisfied with the outcome of — for example — the British Oxygen productivity scheme, will it then stop the hospital service from ordering medical gases from the company?

Pressures

The point all this illustrates is the impossibility of maintaining a rigid pay policy for more than a relatively short period. Last summer Ministers were obliged to recognise the need to provide some flexibility in order to ease the anomalies and negotiating pressures which had built up during the two earlier rounds. They have now gone back on their original intention and are trying to apply a 10 per cent. ceiling to all settlements. What is more, they are talking of many more phases to come. It is bad enough that they should have changed the nature of the present guidelines without first seeking the approval of Parliament. It will be monstrous if, as seems likely the new rules have to be applied as arbitrarily as before.

Revising the road to economic success

BY COLINA McDOUGALL

TUCKED away in the reams of small print published by the New China News Agency since the New Year there are some startling figures which show Peking's economic ambitions in cold arithmetic.

The Chinese have already said they want to be in the forefront of the industrialised world by AD 2000. Originally, this plan sounded more like dream than reality. Now, for the first time, they seem to be genuinely doing their sums. The aim seems to be to keep GNP growing by the same average rate as in the past 23 years, when it multiplied 3-4 times. The vital issue is whether they can maintain this for the next 23 years from a much higher base.

In past moments of enthusiasm, Peking has been prone to publish over-ambitious targets. The difference now is that someone is clearly thinking hard about the ways and means. One has to take the Chinese aims seriously, because they are plainly doing so themselves. The question is whether by adopting foreign technology and exploiting local resources they could possibly come within hailing distance of their target.

The figures in question come from two industries. Chairman Mao's mid-1950s dictum that China should overtake the U.S. in 50 or 60 years, much quoted during the past 12 months, was recently hardened into a pledge by the metallurgical workers to catch up with or surpass American steel output by the end of the century. U.S. steel production is currently about 100m. tons (though this is well below capacity): Chinese output last year was approximately 25m. tons (an estimate like others in this article, based on published CIA calculations).

At a conference in Peking, in January, the workers promised to increase iron and steel production "by an annual rate of 4m., 5m. or even 6m. tons for the next 23 years," which (assuming that this ambiguous statement refers only to steel, not iron) would give them a minimum total by end-century of 117m. and a maximum of 163m. tons. If this is to be taken seriously, the Chinese must be planning for an increase of at least four times their present steel production. This tallies roughly with the end-century target of 100m. tons that Sir Charles Villiers, head of British Steel, was given on his visit to China last autumn.

These ambitions are paralleled by what a Chinese minister said recently about coal output. While this, too, was ambiguous (the Chinese-language NCNA said "triple" present production by the year 2000 and the English version "double . . . and double again") the order of increase is roughly consistent with the projected steel growth. Chinese coal production is already huge, being estimated at about 490m. tons for last year. Tripling it produces a possible output of nearly 1.5bn. tons in AD 2000, quadrupling it, almost 2bn.

These are astonishing figures and yet the Chinese have already set about the ways and means of achieving them. In steel, the first step appears to be to get foreign technology to help improve existing plant. Chinese teams have already looked at foreign steel mills with a view to modernising their own without interrupting production. The second possible step is to buy further foreign plant to increase overall capacity. The third is to use the plant they already have to its full potential.

Building up the steel industry presupposes increased supplies of raw materials. One of China's problems has always been a shortage of high-grade iron ore. Peking is importing more and more iron, but imports could never be the backbone of an expansion of the size envisaged. For the coming year, "the iron mines are to increase ore production by 10m. tons by tapping their production potential," the Minister of the Metallurgical Industry said at a conference recently. That may do for now, but huge investment would be needed to make it an annual growth rate.

A vital part of the plan seems to lie in a continuing build-up of small industry. Chinese figures published last year showed that 11 per cent. of the country's steel came from small steel plants, many run by country authorities using local materials. Still more striking, 27 per cent. of the iron ore is locally produced,—as is one-third of total coal and hydro-electric power output. Of all coal mined in south China 70 per cent. came from small mines. Provided that the local steel is of adequate quality (and foreign visitors seem to think it is), this sector can make a useful contribution.

By the middle 1980s, China is to be divided into six large economic regions, roughly corresponding to the natural geographical boundaries. This should reduce bureaucratic delay as each one will operate more or less independently. The Chinese have also hinted that they plan to bring much more specialisation into industry, which presumably will be planned on this regional basis.

Specialisation was heavily attacked by the radicals because, *they said, it gave all the power* to experts and administrators and none to the workers. The Chinese now say that the economy has flagged in the last ten years just because of the policies advocated by the radicals: the current system where a tractor plant may make every part itself down to the last nut, with wasteful duplication of plant sometimes a few miles away, will probably go. But specialisation will depend for its effectiveness on skilled managers—people in short supply at present because of past hostility to anything like an educated elite. China will have to start training them now.

For the rest, the Chinese are pinning their hopes on increasing mechanisation. By *1980, the coal minister has* said, there should be a considerable degree of mechanisation in mines of any size, while in all the biggest mines fully automatic coal-cutting machines should be operating. By 1987, he added, mechanisation should be universal, and all the large and medium mines should be using automatic coal-cutters. It is this mechanisation, almost certainly using some foreign machinery, which is presumably expected to bring about the first round of doubling output.

The Chinese now blame the Gang of Four for the failures in industry—particularly in *steel—since the 1960s, but in* spite of their alleged crimes, ouput in many sectors seems to have risen satisfactorily. Total industrial production in 1976 was five times that of 1957, which although small was by no means negligible. The foundation of China's heavy industry had already been laid by the Russians. Post-1957 industries such as oil and petrochemicals have, of course, boosted the figures enormously, but even those already established, such as steel, coal and power, have *respectively tripled, quadrupled* and sextupled since then. The vital question is whether anything approaching these increases can be kept up from to-day's much higher base.

Two factors which it is essential to take into account in any plan to catch up with the West—agricultural growth and the population level—have been discussed only in general terms. Although Peking has probably reduced the population increase to about 1.5 per cent. per annum, even this is expected to produce a total of 1.3bn. people by AD 2000. Somehow they will have to be fed, and for political reasons, at a higher standard than that of past years. Unlike industry, farm production has risen by only 50 per cent. or *so since 1957, just enough to* keep up with population growth. If the farmers can maintain even that record, diet will have improved a little by the end of the century, as the projected population growth is only 35 per cent. However, even this rise in output is doubtful.

Chinese agriculture is already highly efficient, Western visitors report, and in some places the application of fertiliser has reached the point of diminishing returns. More mechanisation, which features strongly in the plans for the next eight years, may allow more crops, but China will still be plagued by unreliable weather and limited harvesting seasons. The farmers need hardier and faster-growing types of grain, but the lack of consistent research and the long break in adequate university training since the Cultural Revolution have delayed these.

What China will have is a few years is peasants to spare who, thanks to mechanisation, can be occupied elsewhere. This pool will presumably provide the workers for to-morrow's locally-run coal mines and steel *works, and all the plants that* will grow up using their products. Not all will be able to take on full-time factory work, as farming will have busy periods. But others can be occupied in land improvement work or seasonal plants like sugar mills or vegetable oil presses.

Plans for the late 1980s and 1990s, to which such speculation really relates, can only be very tentative. More to the point, the Chinese have drawn up plans for the next three years (1978-80) and the following five (1981-85). These are closely integrated. But apart from the aim to double coal output and complete mechanisation of agriculture and coalmining, they have not told us much about their mid-1980s targets, beyond declaring that farming, steel, energy and transport are to receive increased investment.

Aims for 1978-80 have been more publicised. Agriculture is due to be "basically mechanised" by 1980—which means that 70 per cent. of all operations now performed by hand are to be taken over by machine. Supplies of tractors, the planning minister recently announced, are to increase by 70 per cent., tractor-drawn farm tools by 110 per cent., irrigation and drainage power by 32 per cent. and chemical fertiliser by 58 per cent. Fuel and lubricants for farm use will be 1.2 times the 1977 supply.

Farming is to get a bigger slice of the investment cake than it has had hitherto. But what no one knows yet is how large the national cake will be, or where agriculture will stand vis a vis industry. Last year's crops probably did no better than in the previous couple of years because of drought and cold. Although industry performed better than expected last year (officially a 14 per cent. increase in value of output compared with a projected one of only 8 per cent.), the disappointing harvest may have caused a re-writing of the 1978-80 plan.

The delay this would have caused may have affected trade decisions. Repeatedly since October 1976, the Chinese have said they need foreign technology. Yet so far no deal of really significant size has been signed. It does not seem to be money that is holding them up; although estimates of China's surplus on the last two years' trade range from $2bn. down to only $600m., that plus other earnings should be enough to start the ball rolling. It may not even be arguments of the missile-versus-power station type: it could just be the difficulty of evaluating the precise balance between rural and industrial investment, labour and transport requirements and the future pay-off from each.

The Chinese have to integrate foreign trade as carefully as possible into plans for the economy as a whole. Although it represents a very small fraction of GNP, its significance is out of all proportion to its size because imports are the short cut to modernisation.

But modernising is not simply a matter of signing dozens of contracts for power-stations or mining-machinery and then sitting back to await delivery and a rapid growth in GNP. Over-doing it can lead to wasteful congestion. Absorbing imports efficiently requires docks, transport and handling equipment. Although shipping men report a much faster turnround time in the ports last year, expanding the railways—the main transport artery—is a much slower business. Trade in 1977 rose by 12 per cent. to a record figure ($15bn. or so, if earlier CIA calculations were correct); annual spurts of that size would need an equal expansion of port equipment and railways.

Higher wages and growing incentives, already *in* force, will help. While they might attract scarce resources into consumption and away from investment, the Chinese seem to have thought of an interesting way of reducing the problem. In the official account of last year's trade, China-watchers were amazed to see that imports had included watches and TV sets. This defies the conventional wisdom that Peking would never buy foreign consumer goods. The best explanation yet is that the Chinese bought them to sell off at very high prices, thus mopping up excess spending power.

Whether such inducements, plus the skill, hard work and natural resources of China will be enough to achieve a highly ambitious target remains to be seen. It looks just possible that the planned growth in industry and GNP could be attained if development, particularly in the rural areas, comes up to expectations. China may not catch up with the West by AD 2000 in terms of space exploration or private cars; but it could have an enormously productive industry, modest consumer comfort, and a telling military capacity.

CHINA: SELECTED ECONOMIC INDICATORS

	1952	1957	1965	1970	1971	1972	1973	1974	1975	1976
GNP (bil 1976 U.S. $)	87	122	165	231	247	258	292	302	323	324
Population, midyear (mil persons)	570	646	750	840	860	880	899	917	935	951
Agricultural production index (1957 = 100)	83	100	104	127	130	126	142	146	148	[illegible]
Industrial production index (1957 = 100)	48	100	199	316	349	385	436	455	502	502
Producer goods index (1957 = 100)	39	100	211	350	407	452	511	536	602	...
Machinery index (1957 = 100)	33	100	257	586	711	795	930	992	1,156	...
Electric generators (mil kW)	Negl	0.3	0.8	...	3.0	3.5	4.0	4.6	5.5	...
Machine tools (th units)	13.7	28.3	45.0	70.0	75.0	75.0	80.0	80.0	90.0	...
Tractors (th 15-hp units)	0	0	23.9	79.0	114.6	136.0	166.0	150.0	180.0	198.9
Trucks (th units)	0	7.5	30.0	70.0	86.0	100.0	110.0	121.0	133.0	...
Locomotives (units)	20	167	50	435	455	475	495	505	30	...
Merchant ships (th metric tons)	6.1	46.4	50.6	121.5	148.0	164.6	209.4	288.4	313.6	318.8
Other producer goods index (1957 = 100)	41	100	200	294	336	371	415	429	472	...
Electric power (bil kWh)	7.3	19.3	42.0	72.0	86.0	93.0	101.0	108.0	121.0	...
Coal (mil metric tons)	66.5	130.7	220.0	310.0	335.0	356.0	377.0	389.0	427.0	448.0
Crude oil (mil metric tons)	0.4	1.5	11.0	28.2	36.7	43.1	54.8	65.8	74.3	83.6
Crude steel (mil metric tons)	1.8	5.4	12.5	17.8	21.0	23.0	25.5	23.8	26.0	23.0
Consumer goods index (1957 = 100)	60	100	183	272	272	295	334	347	368	...
Foreign trade (bil current U.S. $)	1.9	3.0	3.8	4.3	4.7	5.9	10.1	14.0	14.4	12.9
Exports, f.o.b.	0.9	1.6	2.0	2.0	2.4	3.1	5.0	6.6	7.0	6.9
Imports, c.i.f.	1.0	1.4	1.8	2.2	2.3	2.8	5.1	7.4	7.4	6.0

Source: National Foreign Assessment Centre (CIA)

MEN AND MATTERS

Boxing the compass

Norman Harding, chairman of the City of London planning committee, is in the habit of walking every morning from London Bridge station to Fenchurch Street, where he works as a director of Asprey's the goldsmiths. His route takes him through Lovat Lane, running into Eastcheap. What he saw going on in the lane one morning recently made Harding decidedly vexed: a group of workmen were busily pulling down a building for which his committee had refused, only the week before, to grant a demolition permit.

The 125-year-old property—number 26—that was disappearing before his gaze had once been the domain of fish merchants, Lovat Lane being close by Billingsgate. Although sadly dilapidated, it had arched windows and an unusual steel frame. The lane is being partly redeveloped but is also a conservation area, so Harding felt that the edict about number 26 was being treated in a pretty cavalier way. When he reached his office he called the City architect, who conveyed a stiff message to Compass Securities, owners of the property and would-be demolishers.

Negotiations are still in progress, but Harding has quite definite views—that Compass Securities should rebuild what they have knocked down. "Speaking personally," he told me, "I should like to see a restoration of the original features." Compass Securities have failed to respond to my request for a comment.

Red-hot steel

Behind a smokescreen worthy of Port Talbot, the Select Committee on Nationalised Industries is completing its third report on the British Steel Corporation. This is expected to appear during the next fortnight, but because of the leaks with the two previous reports, there will be a break with normal select committee practice: confidential final revises will not be sent out under embargo.

However, despite the emphasis on security, I can tell you that the report will be hot stuff. Committee members are in no mood to spare the feelings of Eric Varley, Industry Secretary, and Sir Charles Villiers, BSC chairman. The two are seen as the twin villains, who last year tried to keep confidential the worst of the corporation's mounting woes—leading to this year's probable £520m. loss.

The facts lately elicited from Varley and Villiers are not in dispute. The interpretation of those facts will be much at issue when the new report is out. Villiers and Varley may well protest publicly that their tormentors have treated "raw" internal forecasting as no different from real-life business projections.

Calling all crooks

Should you chance to see a young man earnestly talking into a walkie-talkie set in a busy shopping street, do not assume that he is a plain-clothes policeman engaged in crowd control, or even the itinerant owner of a hire-car business. He may well be a look-out for illegal street traders, warning them that the law is proceeding in their direction.

In Cardiff, the "suitcase salesmen" are already equipped with walkie-talkies. Eric Dutton, president of the city's chamber of trade, tells me that he spotted one look-out talking into a transmitter in the new Queen's Street shopping precinct. "To add insult to injury, he was getting a better view by standing on one of the seats provided by local retailers for tired shoppers. When I asked him to get down, he just swore at me." The illegal traders and their scouts are taking a rest in the cold snap, but Dutton expects them to be back with the first rustle of spring.

The Metropolitan police say they have not yet spotted any walkie-talkie men in Oxford Street, so it seems that Welsh petty crooks are technologically well ahead.

Diplomats' delight

The equivalent of £60,000 for a Range Rover may sound a bit steep, but it shows that British Leyland's flag is at least flying high in Ankara. For Rolls-Royces the price is, of course, higher — £250,000. But before our keen and eager export salesmen race off to Heathrow, we had better warn them of Catch 22—that Turkey forbids imports of all vehicles over 1700 cc. When car dealers offer to buy cars for such prices, they are addressing diplomats serving in that country. In fact, purchases from them are also hedged with restrictions, but for some foreigners there is a silver lining in the poisonous winter smog clouds wreathing the Turkish capital. As for the Turks, one or two must obviously be on Sunset Strip to pay such prices even if foreign businessmen are talking of the Turkish lira as "Monopoly money."

Secret of success

An "assessment of performance unit" at the Department of Education and Science is about to begin testing the mathematical ability of British children. A leading professional body has (so it is said) been doing just that with its new recruits. Its key question is: "You are given a barometer and told to work out the height of a tall office building. How would you set about it?"

The first of four candidates said he would rely on Newtonian physics by dropping the barometer off the top of the building and measuring how long it took to hit the ground. The second proposed taking the barometric pressures at pavement and roof levels, while the third had a complicated theory about measuring the length of shadows cast by the building and the barometer.

The fourth, elegantly dressed, explained that he was a stockbroker, but felt a need to improve himself. "So how would you solve the problem?" asked the panel. "I'd go up to the janitor and say, 'Here's a barometer—I'll give it to you if you tell me the height of this building'."

Observer

FINANCIAL TIMES SURVEY
Wednesday February 15 1978

Industrial Property

The past year has seen a scramble to invest in industrial property. The market has been made particularly attractive to fund managers by its sustained rent and capital growth—a trend which seems likely to push the cost of modern industrial space up by about 20 per cent this year.

[B]uilding [o]n [g]rowing [d]emand

[J]ohn Brennan
[Prop]erty Correspondent

THINGS leave the imagin- as dulled as a protracted of a modern industrial ...e. But the bland, lowest non denominator architec- that houses British indus- has been setting fund [man]agers' pulses racing over [the p]ast 12 months.

[By] the end of 1977 institu- [tional] passion for factory and [ware]house investments had, [accor]ding to Allsop's 1929-77 [yield] schedules, forced prime [indu]strial yields down to 7 per [cent.] for the first time and had [move]d into the traditional yield [gap] between industrial and [office] properties. This en- [thus]iasm for the sector, which [show]s no signs of tailing-off in ..., has been generated de- [spite] a still depressingly slug- [gish] recovery in industrial [activ]ity.

[Th]e institutional scramble [for] good quality industrial space partially reflects the simple need to find a home for an ever increasing weight of investable funds. Recent surveys suggest that the pension funds alone will have some £7.5bn. of investable funds in 1978. Those funds traditionally try to invest around 20 per cent. of their cash in the direct property market, and they have recently been trying to bring the industrial element of their property portfolios up to the 25-30 per cent. level. If the pension funds were to achieve that investment pattern in 1978, they alone would be pouring £375m. into the industrial property market this year, and that would be equivalent to 40 per cent. of the total institutional investment in real property in 1977.

The weight of money argument is a fairly convincing case for industrial property investment in itself. It has the classic elements of a self-fulfilling prophesy, "I buy because prices are rising, and prices rise because I buy."

That view could be regarded as something of a vicious circle a treadmill driven by flocks of sheep-like fund managers. But the investment appeal of the industrial property sector is underpinned by solid evidence of sustained rental and capital growth.

A number of recent rent surveys illustrate the pace and consistency of industrial rent growth. One of the most graphic of these surveys came from stockbrokers Panmure Gordon, who compiled Press and agency rent reports between 1960 and 1976. Over those 16 years industrial rents in the South East rose by 540 per cent., more than twice the pace of average shop rents and well in line with office rents.

The broker's comparison of overall annual returns on each category of property investment shows that industrial space in the South East was producing a capital and rental return of 24 per cent. a year between 1960 and 1976, compared to only around 18-19 per cent. for provincial offices and around 16-17 per cent. a year for shop investments.

These figures give only a general indication of investment trends. But they do help to explain the investment appeal of industrial property, an appeal that has been further emphasised by accelerating rent growth in recent months.

Review

A review of the industrial sector by Grant and Partners confirms this continued rent growth. Between June, 1976, and June, 1977, Grant shows that modern industrial rents near London Airport rose by 25 per cent. Year-on-year rent increases around the country range from just over 9 per cent. in Glasgow to an exceptional 36 per cent. in Luton. The figures average out at around 15 per cent. overall and nearer to a 20 per cent. rental increase in the key industrial distribution centres of the South East.

This rate of industrial rent increase looks odd against the background of the highest level of unemployment since the 1930s and a lower rate of industrial production than in the three day week during the winter of 1973-74. But the reasons for continued rental growth are fairly straightforward.

Fans of the sector have always argued that industrial rents have greater quality and growth potential because they make up a less significant element of a company's overheads than office or shop rents. And it seems reasonable to assume that a 20 per cent. increase in rents will have a greater impact on the investment attractions of a factory than the effective increase in rent—from, say, £1.10p to £1.32p a square foot—will have upon an industrial tenant.

INDUSTRIAL PROPERTY AVAILABILITY SURVEY
(Overall totals of floor space in sq. ft. as at mid December 1977; August 1977 figures in brackets)

	WAREHOUSES (Vacant and to let/for sale)	FACTORIES (Vacant and to let/for sale)	BUILDINGS under CONSTRUCTION (Occupation within six months)
ENGLAND and WALES Total	31,326,000 (32,709,000)	41,221,000 (43,647,000)	5,894,000 (5,561,000)
By Regions: NORTH WEST (including North Wales)	3,597,000 (4,880,000)	6,327,000 (8,270,000)	867,000 (1,014,000)
NORTH EAST	4,113,000 (4,615,000)	8,490,000 (8,454,000)	914,000 (675,000)
WEST MIDLANDS	2,900,000 (2,721,000)	3,704,000 (3,550,000)	656,000 (218,000)
EAST MIDLANDS	1,325,000 (1,037,000)	1,053,000 (1,657,000)	450,000 (511,000)
EAST ANGLIA	763,000 (615,000)	719,000 (760,000)	64,000 (41,000)
AVON/SOUTH WEST	1,597,000 (1,558,000)	1,474,000 (1,772,000)	258,000 (275,000)
SOUTH WALES	397,000 (329,000)	1,528,000 (1,233,000)	227,000 (279,000)
LONDON/HOME COUNTIES TOTAL	16,724,000 (16,954,000)	17,926,000 (17,951,000)	2,458,000 (2,548,000)
A. London	9,499,000	10,830,000	436,000
B. Home Counties North	4,140,000	4,317,000	1,482,000
C. Home Counties South	3,085,000	2,779,000	540,000

N.B. Exclusions from the Totals:
1. Premises with floor areas less than 5,000 sq. ft.
2. Premises still occupied but unofficially on the market to let or for sale.
3. Multi-storey mill premises mainly in the North East and North West Regions.
4. "Semi-Derelict" premises where it would be difficult to justify refurbishment.

(AUGUST 1977 SURVEY IN BRACKETS)	WAREHOUSES		FACTORIES	
A. Number of premises over 100,000 sq. ft.	101	(123)		
B. Approximate percentage of buildings not more than ten years old	56	(57)	20	(23)
C. Approximate percentage of single-storey buildings	84	(83)	79	(80)
D. Approximate percentage of multi-storey buildings	16	(17)	21	(20)

Source: King and Co.

Another key influence on industrial rents is the surprisingly finely balanced relationship between supply and demand. The relatively short development time involved in a factory or warehouse project enables developers to keep this supply-demand balance in rough equilibrium, a point made clear by King and Co's latest national survey of the sector.

The survey, published yesterday, shows that there were 72.5m. square feet of industrial space available at the end of 1977, a 3.1m. square feet cut in the August total. That seemingly enormous overhang of unlet space does in fact, represent less than 3 per cent. of the national stock of factories and warehouses. And even this percentage figure over-states the scale of the overhang, as nearly half of the available warehouses and 80 per cent. of the empty factories are ten or more years old. A sizeable part of this older space can be ruled out of the market, being either structurally or locationally too outdated to attract a tenant.

The relatively narrow margin of available industrial space goes a long way towards explaining the steady increase in rents through the recession. And that narrow margin provides the base of an argument for a very much more dramatic increase in rents over the next few years.

The industrial developers' ability to build into a rise in demand for space is a two-edged factor. On the one hand, the case for a prospective space supply shortage, a case that seems to ensure an eventual leap in prime office rents, does not apply. On the other hand, the short development period for factory and warehouse building means that rising construction costs are rapidly incorporated into asking rents.

Construction costs have more than doubled in the past three years. And it is clear that this increase does not fully reflect higher material and labour costs as contractors have been willing to trim profit margins to the bone in their efforts to keep workforces together through the slump. The building industry is still in the grips of recession, and competition for a restricted amount of work is still keeping prices artificially low. But even with a cushion for developers in low contracting margins, building costs are putting an irresistible upward pressure on industrial rents.

Pressure

This upward pressure is increased by higher site costs. Availability of development finance has increased competition for land just when the supply of such land is being restricted by the effects of the Community Land Act and Development Land Tax. Although developers have been able to overcome the worst effects of the legislation by entering into partnerships with local authorities, the laws do mean that suitable sites are no longer freely drawn on to the market. Reports of sites costing £200,000 or more an acre in prime locations in the South

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Business prospects

THE PROSPECTS for industrial development are rather brighter during the next 12 months than they have been for some time. This can largely be explained by the improvement in the outlook for the economy as a whole with an above average rise in consumer demand and industrial production generally expected and, most crucially, a sharp rise projected in industrial investment. But there are still doubts about the rate at which the economic recovery can be sustained and few are expecting, or rather fearing, a boom of 1972-73 proportions.

The impact of the pick-up so far can be seen most clearly in the Department of the Environment's figures for new orders for private industrial work. These show that in the first nine months of last year orders were nearly 18 per cent. higher than the quarterly average for 1976 (in terms of 1970 prices, seasonally adjusted).

Admittedly orders for private industrial work between August and October were 16 per cent. lower than in the May to July period of last year. But this may have been a statistical quirk and orders between August and October were still 9 per cent. higher in real terms than in the same period of 1976. New orders are still well down on the levels of 1973-74.

The end-year projections by the Joint Forecasting Committee of the Building and Civil Engineering Little Neddy indicated that this upturn should be maintained. After an estimated 3 per cent. rise in the real value of private industrial output in 1977 compared with the previous year, an increase of a tenth is forecast for this year with a gain of 7 per cent. tentatively indicated for 1979.

These projections depend heavily on the extent of the overall recovery in industrial investment. The most recent Confederation of British Industry and Department of Industry investment intentions surveys have both pointed to a significant rise in capital spending this year—even though the increase may be somewhat smaller than originally hoped.

The Department of Industry survey indicated a downgrading in the growth of spending by manufacturing industry and a slight upgrading in the estimated expenditure by distributive and service industries. (This is anyway slightly larger in total than investment by manufacturing companies).

The survey, published in early January projected a rise in the volume of manufacturing investment of between 10 and 13 per cent. between 1977 and 1978; CBI staff economists have recently projected a 12 per cent. rise in 1978. The Department of Industry noted that that might be "a slightly greater increase in new building work than in plant, machinery and vehicles in 1978, but this is unlikely to raise the share of new building work in the total to even its 1976 level."

An increase of between 6 and 8 per cent. in the volume of investment by the distributive and service sectors is projected by the survey for this year. Indeed, the expected rise in consumer spending—up 3 to 4 per cent. to 1973 levels—should stimulate investment in distribution and warehouse operations.

Cyclical

It is important to distinguish the cyclical pattern from the long-term trend in these projections. The traditional pattern has been for expenditure on plant and machinery to recover earlier in the economic cycle than investment in new buildings.

This is partly because of the time lags involved but also reflects the fact that a higher degree of business confidence is required for construction. Spending on plant and machinery is likely to occur first because the return is more certain and quicker compared with the greater risk and financial commitment involved in creating extra capacity in new buildings.

The level of new orders and output for private industrial work has in the past tended to follow a cyclical pattern in line with the business and investment cycle in the economy as a whole. Thus the ups and downs of the early 1970s in the economy were reflected in a drop in new orders obtained by contractors from the private industrial sector from a late 1960s peak of more than £600m. down to £417m. in 1971 and back up to a high of £520m. in 1973 (all expressed at constant 1970 prices).

Since then the level of new orders has declined sharply with new orders down to just under £270m. in 1975, a low for the period since 1963. The low point was in the final three months of that year, only a few months after the turning point for industrial output and Gross Domestic Product.

The trend of Industrial Development Certificates has followed a similar pattern. Approval of IDCs, which are required to make a planning application for building, rebuilding and extensions of more than a certain size, reached a peak of 83m. square feet in 1969, falling to 46m. square feet in the recession year of 1971. This was followed by a sharp recovery to a new peak of 85m. square feet in 1973, with a renewed decline thereafter to just under 36m. square feet of space approved in 1975.

Fluctuations in new orders have also been matched by variations in total output, though the cycle has been less marked. This is both because of the inability of contractors to carry work immediately and quickly when orders are high and then a desire to spread out work when demand is less strong.

But apart from cyclical factors, there has also been a long-term decline in the share of construction in fixed capital formation by manufacturing industry. The proportion was just over 22 per cent. in 1965, but had fallen to 18½ per cent. in 1970 and down to 17 per cent. by the mid-1970s. The downward trend is shown even more clearly by comparing the drop of more than 3 per cent. in the level of private industrial output in real terms between the peak years of 1969 and 1973 with the rise in real Gross Domestic Product of more than a tenth in the period.

It is arguable that a recovery in the share of construction in total fixed capital formation is long overdue. A Little Neddy report of a year ago suggested that there was no shortage of industrial buildings, though some may be unsuited to modern production methods.

The view of most leading industrial agents and developers would be that this qualification is crucially important and, indeed, the most recent surveys suggest that if old mills and other properties which are not easily lettable are excluded then industrial and warehouse space currently vacant in England and Wales is less than 3 per cent. of the total at most.

Minimum

This is less than would normally be regarded as an acceptable minimum to allow for any expansion and normal movements in and out of units. The problem appears to be particularly acute in certain regions. For example, a recent analysis by Bernard Thorpe and Partners pointed out that between 1967 and 1974 the amount of industrial floorspace in south east England had risen by only 2¼ per cent., compared with a 7¼ per cent. increase for the U.K. as a whole.

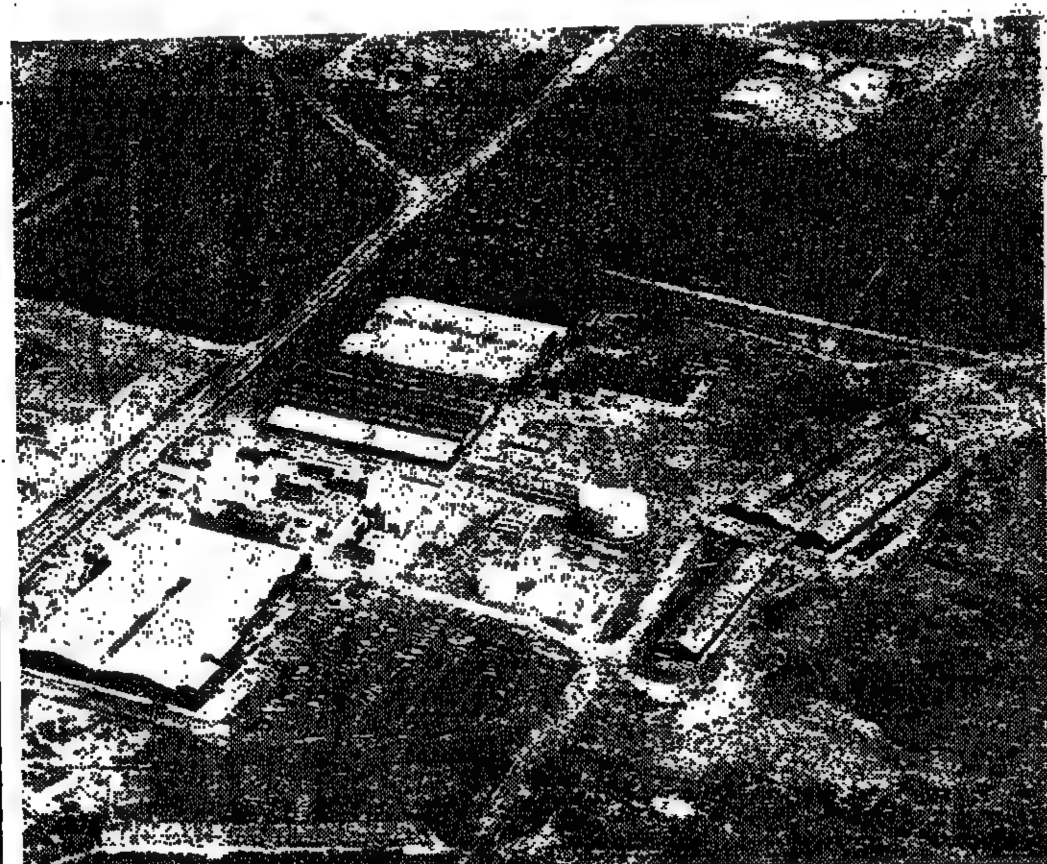
Since 1974, industrial construction has slowed down and activity in the south east remains a small proportion of that in the U.K. as a whole. The region obtained no more than 17 per cent. of the value of new industrial construction work placed with contractors in 1976, while accounting for around a fifth of the total industrial floorspace.

The proportion of new construction in Greater London was very low, no more than 4 per cent. of the national total in 1976 and was far too little to compensate for the acute decline in the supply of industrial property. Between 1967 and 1974 floorspace in the GLC area dropped by 9.2 per cent.

These figures suggest that if the planners' aims of stimulating more industrial employment are to succeed then there will have to be considerable new building. On a national level the small scale of development in the last few years indicates room for substantial new construction merely to replace decaying older property.

It is impossible to say how much of this work will be undertaken by property development companies. The institutions are, of course, becoming more active as developers in their own right while evidence from the clearing banks suggests that much of their property lending is to industrialists for new buildings for their own occupation rather than for speculative development.

Peter Riddell



Lillyhall Industrial Estate near Workington in Cumbria.

Demand

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East guarantee a further sharp rise in asking rents.

One increasingly important restriction on the supply of development sites is the reluctance of planning authorities to release land exclusively for low employment warehouse use. Figures produced by Debenham Tewson and Chinnocks' research team show that between 1967 and 1977 factory space in England and Wales increased by 10 per cent. to 2.58bn. sq. feet, but over the same period warehouse space increased by a full 77 per cent. to 1.1bn. sq. feet.

Developers' enthusiasm for warehouse space merely reflects the relative strength of demand from the distribution industry as it follows the national change in transport patterns towards motorway linked depots. That enthusiasm is shared by institutional investors as factory space tends to be too specialised to fit easily into a portfolio without the worry of future voids. But planning officers hoping to generate more local manufacturing employment have an understandable preference for factories.

In recent months most local authorities have been willing to apply a reasonable amount of flexibility to their planning rules, and developers with estates zoned for both factory and warehouse use have been building the warehouse first and renegotiating the use of later phases of the development in the light of letting demand. Where there is clearly no factory user on the horizon, but a queue of prospective tenants for the warehouses, authorities have generally been willing to alter planning permissions accordingly. But over time this additional bottleneck in site supply is bound to have an impact on costs, and eventually on rents.

There is a firm consensus within the industrial property market that tenants will be paying at least 20 per cent. more for modern space by the end of the year. That increase is already well discounted in current investment yields, and fund managers are showing signs of resisting any further fall in initial yields on prime buildings. That resistance does not, however, curb the funds' enthusiasm for new industrial developments. And with ample development finance available only the growing shortage of suitable sites looks likely to prevent new building from keeping pace with steadily rising letting demand in 1978.

Dwindling land supply

PROSPECT of land ...ges, together with sharply ... prices for the develop- ... sites which do become ...ble, represents something ...loomy black cloud hanging ... the current revival in the ...trial property market.

...ent countrywide reports ...st that the land supply ...ion threatens to stifle the ...ent improvement in ...opment activity and that ...ects for an easier supply ...ion do not look good. The ...on would already un-...edly be much worse but ...e patchy way in which the ...d is taking place.

... industrial land market ... recently become much ... competitive, owing to a ...nation of hardening ...ment yields, stabilisation ...lding prices and a general ...to far rather muted—up-...in confidence about the ...n in confidence about the ... course of the economy.

...h the increasing inflow of ...tional funds into new ...ng projects, the shortage ...table development sites is ...ing increasingly high-...d and in some areas of ...untry—notably though not ...ively London and the ...east — prices of well ...d sites available for indus-...schemes are beginning to ... their scarcity value.

... market for prime land ...come extremely brisk and ... of between £150,000 and ...00 an acre are being paid ...e London area, whereas ...00 an acre was rare just ...nths ago.

...s are in heavy demand by ...evelopers, institutions and ...trialists and land is now ...irly being sold by tender, ...hod of disposal which has ...lly been unheard of in the ...ree or four years.

... picture is by no means ...ed to the south-east corner ...he country and agents ...ghout the U.K. report the ... pattern; buoyant demand ...poor supplies of suitable ...opment sites.

...elopers cite two main ...s for the situation, both ...ich are predictably blamed ... Government. They claim ... substantial plots of land ...in private hands are now ... withheld from the market ...se of the "crippling finan-...enalties of doing so." They ... to the Development Land Tax, which is regarded as a distinct disincentive to bringing fresh land onto the market and which could prove instrumental in keeping future supplies restricted.

The tax, which forms part of the Government's Community Land Scheme, has without doubt exacerbated the supply situation throughout the development land market, with rates of up to 83 per cent. being levied on profits arising out of sales—a temporary concession limiting the top rate to 66⅔ per cent.

Weak land prices, at least until recently, together with the prospect of heavy taxation have combined to keep potentially available land off the market and the resolve of private land-owners not to sell has only been strengthened in the knowledge that, as an alternative Administration, the Conservatives are pledged to reducing the level of taxation "to more reasonable levels."

Evidence

If there is sufficient evidence to show that the tax is proving instrumental in restricting land supplies and, hence, pushing development costs up to a point which will inhibit industrial expansion, then the lobby for a reduction in the present rates can be expected to be a forceful one.

The question on most people's lips is how the other part of the Government's land policy—the Community Land Act—will work out. Will stocks from the private sector dry up completely, and if they do will the local authorities be able to fill the gap by making land available from their own landbanks on long ground leases?

So far, the role and impact of the Land Act has been a confused one, with open disagreement on whether or not the scheme is working and agents accusing local authorities of blatant land hoarding. In particular, they say, the authorities are showing a distinct unwillingness to release land for smaller private industrial schemes.

Only a few days ago, Mr. Michael Latham, MP, the "champion" of the construction sector, voiced a commonly held opinion when he claimed that land nationalisation legislation had resulted in a "bureaucratic mess."

Mr. Latham said that a mere *33 acres of land acquired under* the Act had been resold for development in England and Scotland in the first year of operation. In the same period, he said, over 100 official instructions, orders or documents of advice had been issued—more than three for every acre of land resold.

Claiming that less than 600 vendors of land had been found to owe any tax out of 6,500 land transactions, Mr. Latham said that the stated intention of the legislation—to bring land forward for development in an orderly way and to ensure a reasonable supply of land to the building industry—had not been carried through. He said that at the end of the scheme's first financial year, the total loan sanction for land acquisition in England was just over £24m., but only half of this had *been spent.*

The prospects for land acquisition under the Act certainly look uncertain, with public funds likely to remain limited and with the local authorities either running into problems in meeting some of their many obligations under the scheme or refusing to pursue it because they are idealistically opposed to the plan.

Developers and builders say that while expenditure on land acquisition remains at such limited levels, the scheme cannot be expected to have much effect on the supply situation. The fear is that until the acquisition programme—which would be repealed by a Conservative Government—becomes really effective, the land supply situation will simply remain chaotic.

Mr. Latham and his supporters believe that the involvement of the local authorities can only lead to more confusion and even longer delays in the planning-development process.

They base their theory of "too little land too late" on the past record of the authorities and their handling of their existing planning responsibilities. The whole planning machine, they say, is already grossly overworked and the delays in the handling of planning applications are probably worse now than ever before, even though the low level of development activity means that fewer applications than usual are *being submitted.*

The industry points to the results of recent surveys which show that more land is brought forward for development than is identified by local planning authorities and that many planning applications are granted only on appeal. This, it suggests, shows that local authorities are out of touch with the practical needs of the community and will not function well when they are entrusted with extensive and exclusive powers over land use.

Above all, developers fear those delays. The community land legislation contains a timetable under which local authorities can suspend planning *permissions for a year* while they consider applying for a compulsory purchase order on a site for which permission has been sought.

Delay

A decision to proceed with the CPO will lead to further delay while the application is considered. Because CPO procedures will take much longer under the new system, as fewer potential vendors will be willing to sell land, delays of several years are in some cases expected to elapse between planning applications and decisions by a local authority.

As previous reports have already shown, the total development period for industrial and commercial schemes in the U.K. is consistently longer than *in other comparable countries* and the developers' conclusion is that the new system will make matters worse and not better.

In the short-term, however, the level of inquiries and subsequent sales of industrial development land are rising, depleting the stock of available and suitable land at a rapid rate. It seems certain that land with planning consent can only continue to rise in value as developers take advantage of the present low borrowing rates. As one agent in London commented: "In many cases, high residuals can nevertheless be achieved by working on low *profit margins. It is therefore* clear that developers are speculating on increases in the price of their final product to ensure their survival."

Michael Cassell

Institutions take a bigger share

A MAJOR shift has occurred in institutional attitudes toward investment in industrial property in the past few years. This has been reflected in the comparative level of yields as well as, incidentally, in the stock market rating of the few quoted property companies specialising in the industrial sector.

In the past there has traditionally been a gap of between two and three points *in the yield which a fund* would pay for a prime industrial property and for a prime office building. For several years a number of leading *industrial agents* and developers have argued that such a differential was too wide but their views took time to gain acceptance.

During the 1960s and early 1970s insurance companies and pension funds preferred to put the bulk of their money into shops and offices. While *industrials, especially prime motor*way distribution units, were becoming increasingly popular the yield gap was generally maintained.

However, in the last 18 months to two years there has been a noticeable change which must now be regarded as more than just a *short-lived* fashion in the market. The main funds have shown a definite willingness to place a higher proportion of their growing revenue into industrials and this has been reflected in the yields paid.

Wariness

In part, this has reflected a greater wariness about certain types of office investment in view of the impact of the recession on demand, and, in particular, the much slower increase in public sector space requirements in view of the staff cutbacks. *This has principally* affected some regional offices, as London and City office investments have returned to their previous favour after the *reverse in 1974-76.*

But there is also a positive enthusiasm for industrials now and this resulted in a large demand *for suitable units*—in particular warehouses rather than factory schemes. This is partly because there is believed to be a stronger demand for modern distribution and storage space near motorways than for factory units—especially in view of the prospects for a sharp rise in consumer spending during the next 12 months. There is a continuing tendency to avoid factory or warehouse units which have been built to a highly specialist design and may be unsuitable for easy and quick reletting.

Moreover, many funds have set themselves a target proportion of their portfolios to go into industrials which is higher than the present percentage holdings. So this provides an extra boost to demand beyond that coming from the steady growth in their available money.

The result has been that *yields on prime warehouse units* have fallen from around 8½ down to 7 per cent. in the last year or so, while the return on offices has edged down from 6½ to between 5½ and 5¾ per cent. The traditional gap has, however, been maintained with shop yields where hopes about the possible impact of the revival of consumer demand on rents have slashed yields from a range of 6 to 6½ per cent. down to 4½ per cent.—and even as low as 4 per cent. according to reports of some recent deals in the centre of major cities. This competition in the High Street has led to raised eyebrows about the possibility of a return to 1972-73 conditions with suggestions that shops may be over-bought.

But these doubts apparently do not yet affect attitudes towards industrials and the key is the recent and prospective rate of rental growth. The rate of increase in industrial rents lagged well behind that of other *properties between 1969 and* 1973. According to the Investors Chronicle Hillier Parker index, rents on all commercial properties doubled in that period while prime industrial rents rose by 60 per cent.

The relative performance of industrial rents has been spectacularly better since then. The index for all commercial property rents increased by 38 per cent. between 1973 and the end of 1977, while industrial rents jumped by 86 per cent. Scotland was in the forefront, boosted by the impact of North Sea oil operations on certain north-east coastal areas.

But the general rise in industrial rents in a period of the most severe recession since the war might appear to be rather curious. The explanation has been partly that there is little good space available, as shown by the various surveys of vacant units, so a small demand can have a very large proportionate effect.

The absence of a large oversupply of modern units, as opposed to older property, also reflects the ability of industrial developers to put up a unit quickly and not to be tied to a long timetable of development stretching several years ahead, as is the case with larger office buildings or city centre schemes.

This flexibility of supply should ensure a close matching with demand, hence maintaining rents.

This has also meant that rents on industrial properties have more closely reflected the rise *in building costs than offices or* shops. Construction costs are, of course, a much larger percentage of total costs for industrials.

These same influences will apply in future, and with a significant increase in demand expected in the next year or two for good quality warehouse units some very bullish forecasts of rental growth have been produced. Some agents and specialist commentators have been talking of a rise of between a third and a half in the next couple of years.

This rental record, and prospects, has counterbalanced some of the traditional scepticism about industrials. There has, for example, been the argument that factories and warehouses only have a working life of 20 to 25 years, while office buildings can still be used after 50 years or more. There has also been concern about the specialist nature of some factories coupled with fears about potential empty space—though this has been answered during the recession since there has been no large overhang of space on the market.

Persist

In any event there is no shortage of buyers at present. But a *yield gap of some kind* is likely to persist and could widen slightly if provincial offices regain favour. At present it looks likely that part at least of the recent *re-rating* represents a fundamental long-term shift which will not be completely reversed.

The intriguing question now *is how far the re-rating of indus*trial investments will affect the funding market for speculative schemes. Many institutions who funded new schemes a year or two ago must feel reasonably satisfied now since target returns were often 10 per cent. and current yields for created investments are two or three points lower.

This, of course, applies mainly to prime quality developments. Many funds still prefer to avoid the development risk on speculative schemes, though there has been a marked increase in such direct involvement in the last year or two. (There has also been a narrowing in the differential in the return on pre-let developments and created warehouse investments.) Moreover, the tax allowances available for new industrial development clearly affect the relative attitudes of insurance companies and tax-exempt funds.

In general, the note of increased confidence in the last 12 months in attitudes towards both investment and development looks like being maintained provided, of course, that the economic upturn is sustained without a sudden rise in interest rates.

Peter Riddell

Cost problems under control

IT HAS taken a long time but the builders have at last decided that they can no longer continue giving their profits away. Already many builders have suffered the consequences of this change of attitude. Their turnover has fallen, while some have lost a possibly irreplaceable market share.

But whatever the consequences builders have decided that the rot had to stop, even though office development work accounts for around a third of total new orders and industrial development another tenth.

For "goodwill" work, where margins were shaved to the bone to secure the order, to keep a labour force together and an order book going, has been found to be more trouble than it was worth. While this type of work may have bought time it did not always secure profits.

It took the financial crisis of 1976 to lift the scales from the industry's eyes. High stock and work levels were of little problem during a period when interest rates were stable, inflation was moderate, and a builders' bank borrowings were under control.

All this changed when interest rates roared upward, making the financing costs of a modest amount of stock and work in progress expensive. Whatever wafer-thin return was being earned on a goodwill contract was quickly wiped out by higher interest charges. Even now the cost of long-term finance is still relatively expensive.

So high finance costs on low return contracts has proved to be not worth the effort or the risk at a time of unstable interest rates.

A Turnerised Roofing Company employee weatherproofing the roof of an industrial complex near Preston. The process can reduce the necessity for costly re-roofing at a later stage.

Spiral

The interest rate spiral was not the only problem. Costs were soaring. Replacement stock rarely remained at a constant price from one month to the next, while at the same time the wage bill was mounting. In the last three years building materials and total wage costs have more than doubled.

Individual material prices were themselves distorted by special factors. Through the Cement Makers Federation the cement producers have been protected by a "price fixing" arrangement. This is an agreement among the cement manufacturers that competition should exist only on service to customers and not prices. With a high utilisation of fuel, the costs of which were rising sharply, the cement manufacturers were allowed regularly and uniformly to increase their prices by the Price Commission.

As a result between 1974 and the end of 1976 cement prices rose by 87 per cent. Cement prices were last increased in June 1977 by 12 per cent. And there is another increase of between 8 and 12 per cent. on the table.

If that increase is allowed it will mean that cement prices have risen by 50 per cent. over the past two years, compared with a 29 per cent. rise in the retail price index over the same period.

The cement producers have been investigated twice before by the Prices and Incomes Board, in August 1967 and November 1969, and on both occasions the conclusion was that the Common Price Agreement was in the interest of the consumers and should be allowed to persist. Now doubts have been expressed in some quarters whether the price fixing arrangement can last out this year.

Cartels are under scrutiny elsewhere. The ready mixed concrete producers have attracted the attention of the Office of Fair Trading, and their price fixing agreements have been referred to the Restrictive Practices Court. Between 1974 and the end of 1976, when the cartel began to break up, ready mixed concrete prices rose by 84 per cent. Even without the cartel prices have risen by nearly 24 per cent. in the past year, against inflation of around 12 per cent.

This month the tarmacadam suppliers were revealed to have been operating price fixing arrangements as well.

Timber prices were heavily influenced by the sterling crisis of 1976. As the pound collapsed timber products were particularly vulnerable since contracts with the Scandinavians and the Russians were guaranteed forward against payment in sterling.

The 1976 decline in sterling precipitated renegotiation of the contracts, which greatly exaggerated the costs. During 1976 softwood timber prices rose by 43 per cent., at a time when the retail price index rose by around 17 per cent.

With sterling increasing in value during last year significant price falls in timber prices are now beginning to come through. Latest figures for January show that softwood prices have fallen by approximately £7 per cubic metre.

Moreover the wage picture, which has been relatively stable for the last two years among the skilled trades, following compliance by all the building trades with the Government's pay limits, looks like being unsettled by individual industries, such as the plumbing, heating and ventilating industries who are putting pressure on the 10 per cent. guidelines.

So for the hard-pressed contractor there is little prospect of recovering the margins lost in the ravages of cost inflation over the last few years unless he is prepared to sacrifice volume workload.

Worrying

The movement in land prices is becoming a worrying factor, and could brake any significant recovery. Land values, which have dropped since late 1973, providing some cushioning against the increase in the price of materials, are climbing again as the effects of the Community Land Act and Development Land Tax begin to bite.

The trend in rents is by no means strong enough yet to suggest that true costs can flow through into rents. True, rents are rising in Central London and the City as the surplus of space is absorbed by reviving demand and the cutback in development programmes. But in the provinces the outlook is more uncertain. Rents are generally static despite the improved lettings market. There is an estimated 20m. square feet of space either vacant or under construction as a result of the decamping of Government departments, the main space takers. This space has yet to be absorbed.

Few commercial developments are being started in view of the high long-term interest rates and construction costs. A developer planning a new scheme would need to secure a rent of around £5 per square foot to obtain a gross margin of 10 per cent. according to a recent survey by Quilter Hilton Goodison, even assuming, unrealistically, modest land costs. Commercial rents in most cities and town are substantially below £5 per square foot.

Industrial rents are faring better because there is little good space available. In this situation limited demand can have a substantial effect on rents.

But for the builder good housekeeping and careful tendering are going to be the order of the day for some time to come. That alone will not be enough. Quick completions will be necessary in order to contain the financing costs and improve margins. That in turn could be confounded by the innumerable bureaucratic delays surrounding planning permission.

John Moore

Plans for dockland

THE SHEER size of London's dockland redevelopment scheme is staggering. Of its kind, the development has been referred to as the greatest challenge of our times, while Sir Hugh Wilson, chairman of the Docklands Joint Committee, has been quoted as saying that considering the area that is involved and what needs to be done it is in effect comparable to building a new town.

The Docklands Strategy is the largest single area of urban development in Europe. It covers an area of 5,500 acres, although only around half of this will be available for development. The total area covered by the Strategy includes existing residential sections and substantial commercial and industrial operations, which will continue to be operated, not to mention the docks that are still functional. Of the amount set aside for development about 25 per cent. has been assessed as land most suitable for industrial use.

The job of putting this extremely comprehensive programme of development together rests on the shoulders of the Docklands Joint Committee, an alliance of the five boroughs involved and the GLC.

The task is clearly a monumental one for the DJC, and there has been a fair share of criticism given to the establishment of such an alliance. One major area for concern is that the committee may slow down the development control process in the area. This would naturally happen if all the boroughs were to move together, in which case the slowest would command the overall pace. But the DJC has proved flexible, and where possible individual boroughs that have had the means have gone it alone, on the lines of the Trade Mart in Southwark and the London Industrial Park in Newham.

Survey

This in itself, however, may not be enough, as a recent survey conducted by a Joint Docklands Action Group points out. Here it is claimed that the local authorities and central Government need to take an even greater control of the area. Indeed it is felt that the London Docklands will not survive economically if left to private developers.

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Rosy outlook for the developers

[L]T YEAR was a remarkable for industrial property. At period there did not seem a single institutional in- not chasing factories and houses to bolster its port- and industrial property hit op of the popularity charts. e traditional beliefs that trial premises become escent long before offices shops outlive their useful and that companies close- manufacturing and distri- n branches before their s were both forgotten in realisation that industrial had provided a better de- against recession than any sector.

popularity of industrial erty itself had a spin-off in tock market for industrial erty developers which also ed up as having strong de- e qualities. Investors be- aware of the which lower gearing in companies which concen- creating industrial Because of this they not been forced into sales mpleted properties and 1978 with their port- virtually intact.

reover, there were few in those portfolios, thanks ly to the flexibility indus- developers have always ed over construction pro- mes. Because of the short ime between construction ng and a factory or ware- being ready for occupa- industrial developers are to hold back building until they have achieved let or at least until the g demand at the time of letion is crystal clear.

According to Mr. Naresh Gudka, property analyst at stockbrokers Quilter Hilton Goodison, this has been possibly the most important reason why industrial property companies have fared so well.

Realisation of these factors both coincided with and helped to create a sharp rise in the value of industrial property; yields fell to an all-time low of 6¾ per cent. for prime units. This in turn enhanced the asset values of the industrial property companies and fuelled further rises in their share prices.

Quoted

The extent of the rises is clearly shown for the six quoted companies who specialise in industrial development. In 1977 their shares virtually doubled in price and at the beginning of February had only fallen back an average of 8½ per cent. from their 1977 highs (see table).

The extent of the rise in the share prices, coupled with the increase in net asset value as a result of the popularity of industrial property, is probably now a limiting factor as far as further stock market gains are concerned. In their recent survey of the property sector, for instance, stockbrokers Rowe and Pitman said "throughout the past year we have recommended industrial property companies but these have strongly outperformed the property sector average and no longer look such good value in the shorter term." Rowe and Pitman is not alone in believing that the unusual growth in industrial property companies' shares is probably now over. In its latest review Quilters updates the net asset values on a conservative basis to take into account the recent sharp rises in industrial values. On the new levels the major industrial property companies' shares are standing at discounts of 10 per cent. or under to their new estimated net assets. This is historically a narrow margin which must hold back further share price rises.

Notwithstanding this factor there are still grounds for believing that industrial property companies will continue to look attractive over the medium term. On industrial terms they are continuing to show strength. With the worst aspects of the recession now behind them the characteristics which gave them defensive strength ought now to turn into positive attractions.

Each of the companies, for instance, is continuing with its development programme and mostly on land already held for some time and therefore in the books at historic cost. Allnatt has a land bank of about 50 acres. Percy Bilton owns around 100 acres on which it could build around 2m. square feet of space, Brixton Estates still has half its successful 100-acre Woodside estate at Dunstable available for development, and Slough Estates owns almost 1,000 acres of industrial land both at home and abroad, including 17 acres at Slough itself on which it could still build.

Because these land banks now look cheap most of the companies are showing returns on their developments of well over 10 per cent. Brixton, for instance, is known to make 14 per cent-plus at Dunstable, and Property Security Investment Trust obtains margins generally of between 12 per cent. and 13 per cent.

Thus the development programmes will continue to swell pre-tax profits for the next few years. Moreover, this will come on top of the benefits from rent reviews and reversions which are now coming through. According to figures on rental increases, industrial rents have risen by a minimum 60 per cent. on average over the past five years, which suggests the degree of uplift from rent reviews now falling in.

Prospects for both the development programmes and for reviews are underlined by optimistic statements from each of the companies which have reported in the past six months. In Percy Bilton's case, for instance, at half-time the chairman spoke of lettings of 300,000 square feet between January and September. Rent reviews could bring in another £1m. for the 1977 year and a further £½m. at least in 1978.

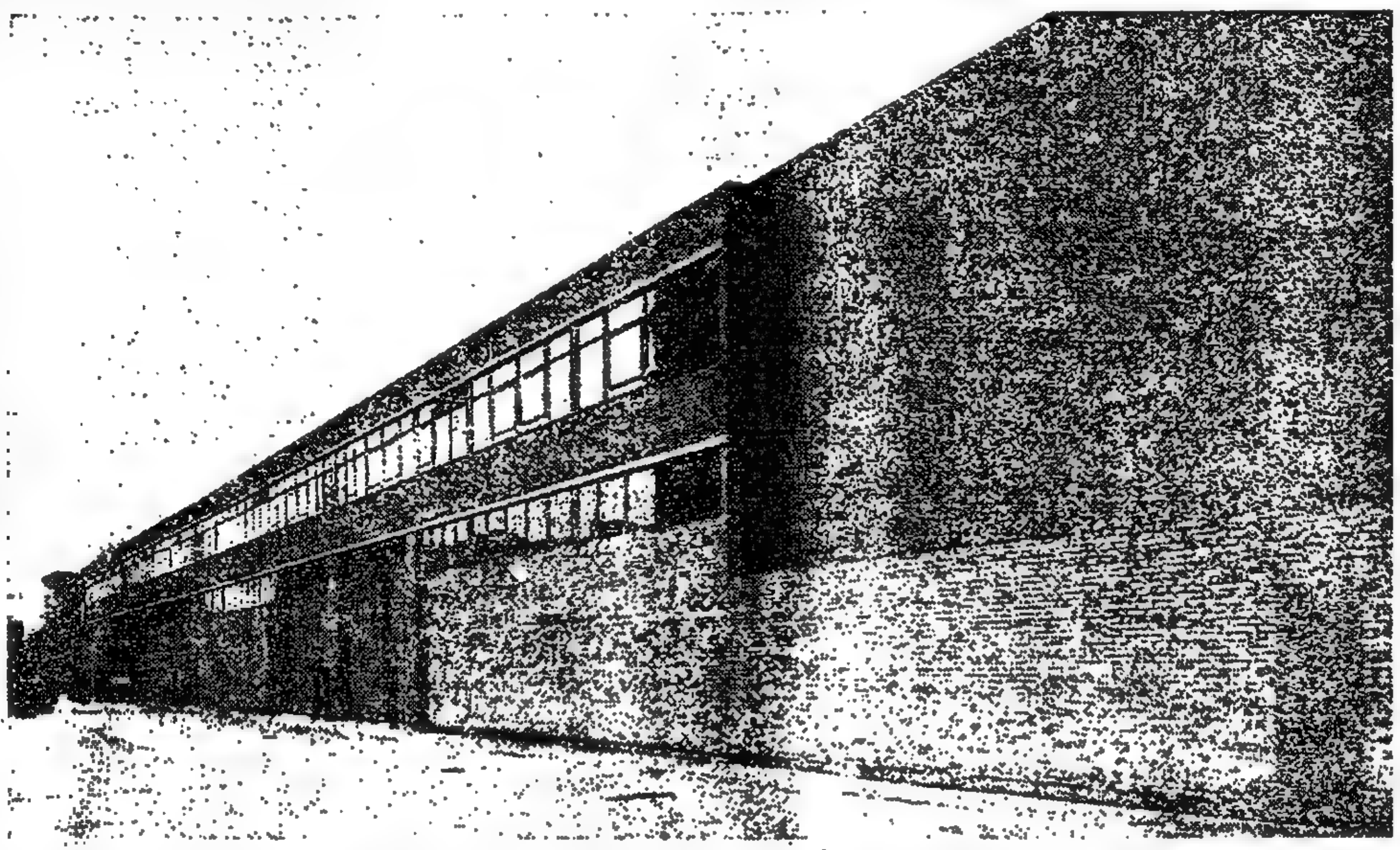
Bilton has yet another factor likely to work in its favour this year, and one which could prove a distinct boost for the sector as a whole. It has promised a revaluation of its property portfolio to the end of 1977—the first since 1971.

These prospects reinforce the existing relative strength of the industrial property companies which, unlike most other companies, are showing not only pre-tax profits (mostly after charging interest to revenue) but substantial growth in those profits since the previous peak in the property market in 1973.

Christine Moir

SHARE PRICES

[Comp]any	1977-78 high/low (p.)		% increase	Price at Feb. 3 (p.)	% decrease from 1977 high
tt	230	127	81	215	7
n	186	130	43	174	6
on	116	62	87	103	11
	87	35½	145	84	3
h	129	75	72	115	11
nley	230	90	155½	200	14



Weatheral Green and Smith, acting jointly with Prerezer and Co. have completed a major letting on the first phase of Galleywall Trading Estate, London, S.E.16, to Courage, the brewers, for use as a distribution centre. The scheme is being developed by First St. Georges Investment Trust.

Dockland

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A study of seven private developments around the docklands show that more than half of the available space has been occupied by non-manufacturing industries and these only provide 32 jobs per acre. This compares with manufacturing companies who provide in the region of 60 jobs per developed acre.

The target employment density adopted for the industrial areas in the Docklands is in the order of 40-50 jobs per acre when fully developed.

A closer check on companies seeking space, with some possible vetting system, has been advised while the survey stresses the need to offer some encouragement to manufacturing companies in an effort to attract them to the new industrial estates.

The report also attacks the size of the industrial unit that are being developed which it claims are in the range of 4,000-10,000 square feet and do not attract the interest of the smaller companies. The survey concludes that if the strategic plan to attract good growth labour intensive companies is to be successful then local authorities should control the type of tenant that is taking space on the industrial estates.

The number one priority of the DJC, however, is the road and rail system. No large-scale industrial development is possible until there is suitable road access and transport for the prospective workforce.

Interim

A £55m. interim scheme to improve transport links in London's docklands has already been announced. This includes a tunnel 1½ miles long to be built under the Thames. This will carry a tube line between Woolwich Arsenal and Silvertown and will eventually form part of the Jubilee Line (formerly called the Fleet Line). There are ten schemes for road improvement, with a cost ranging from £300,000 to £2.8m. The whole of this £55m. package could be completed in the next four years.

More recently plans to build a new bridge to link Poplar with the Isle of Dogs have been announced as part of a £7m. improvement to the Isle of Dogs loop road — the island's only main road system. However, work is not expected to be started until the early 1980s.

Even given the comprehensive rail/road network that is planned the DJC is still faced with a major problem of attracting industry to the docklands. The docklands Strategy means that at 1975 prices the Government will need to provide some £1.14bn. in direct grants. On top of this it is estimated that private capital investment of the order of £600m. will be needed. Of this amount some £400m. will be needed for industrial development. With these sums involved the funding institutions are naturally going to need a lot of assuring that the project will be viable.

Example

A prime example of this is the massive International Trade Mart in the Surrey Docks which has been put forward by Trammell Crow, of the U.S. The project will involve the company in an expenditure of at least £300m., and it is claimed that some 12,000 jobs are involved. The scheme is for 6m. square feet of permanent exhibition space, 24 acres of warehousing, shops, open spaces and three hotels.

The scheme, which first gained approval back in 1974 but was shelved originally because of the economic climate, is regarded by the GLC as the catalyst for the whole of the Docklands redevelopment plans. But the consortium of institutions and pension funds that are prepared to back the project will only do so if they can get sufficient financial guarantees from the Government. No approval was given by the Government, and at one stage the project looked to be destined for failure. However, it has been suggested recently that the promoters of the scheme could apply for loan guarantees under Section 8 of the Industry Act of 1972.

If this major scheme is not allowed to proceed the whole docklands strategy would need to be reconsidered. Clearly the DJC needs to conduct a major promotions campaign to boost industry's confidence in the docklands scheme. In this context it is easy to see why the Trade Mart means so much. But in the meantime many eyes will be glancing at the projects in hand, not only to see whether they can be operated successfully, but just what mix of industry is attracted.

David Wright

Construction groups wary

THE MAIN constraint on property development is the cost *of building. So long as building* costs exceed the realisable value of the building there is little *incentive to bring forward new* schemes. Only in recent months have institutional investors been *prepared to fund speculative* developments. The rump of schemes started have tended to be *pre-let*.

The larger construction groups are better placed as they are in a position to fund internally the developments of their property divisions, which in turn provide work for their building divisions.

Yet even large contractors have been wary of the property market. Some have preferred to confine their interest to the less problematical area of "ready-made" property investments, while others have sought shelter through joint venture work.

Their caution is understandable. After more than four years of deepening recession in their traditional contracting activities, financial resources have had to be husbanded and uncertain markets avoided. Those that have taken the plunge have met with varying *success*.

Among the big groups, Tarmac's record in this field is uneven. Its property division, which undertakes developments in both the commercial and industrial sectors for disposal on completion rather than retention for investment purposes, has been judged by analysts as a disappointment. After making a profit of £500,000 in 1973 the *division has been a consistent* lossmaker since.

In 1974 losses of £640,000 *were reported: in 1975 £1m.;* and in 1976 £860,000 before interest. In the latest financial year, 1976, £2.77m. had to be set aside for an anticipated loss on disposal of a Brussels city centre office block which was completed in 1976. This was designed to take care of the worst. The provision effectively pegged the total pre-tax advance to 11 per cent. — to £22.5m. for the year.

To be fair to Tarmac its problems directly mirrored those of the property industry at large. Delays in the completions of schemes, escalating costs including interest, and the difficulty of obtaining tenants for premises all contributed to the poor performance.

Victims

The group's experience in the Brussels market was no exception. Tarmac was one of the many victims of the massive over-supply problem, which started during the property boom and saw the end of smaller but more ambitious companies such as Ernest Ireland.

By contrast the performance of the more experienced John Laing group has been encouraging. Unlike other contracting majors Laing's property involvement makes a weighty contribution to group earnings. In the last financial year, 1976, *property activities provided* 27 per cent. of the group's pre-tax profit of £18.5m. before *provisions*.

But even Laing has not escaped the ravages of the property *development recession*. Property development profits have fallen by half since 1974. But this has been more than offset by a 56 per cent. increase from property investment.

Since a 1970 revaluation Laing's investment porfolio has grown from £17.6m. to £50.1m. in the 1976 accounts. The most significant increase occurred in 1973 when the assets of the joint companies with the Grosvenor Estate were divided and the outstanding 51 per cent. of Holloway Estates was acquired. So the 50 per cent. interest in Grosvenor-Laing Holdings was replaced by additional U.K. property assets and a 90 per cent. *holding* in Canadian Allied Property investments: The latter had two *large shopping centre developments* in Western Canada and an interest in a Vancouver office *development*.

The Holloway acquisition gave Laing the long leasehold interest in Riverwalk House on Millbank.

Laing's developments in recent years have covered shops, offices and industrial units. The shopping developments have been particularly important, with projects completed at Burton-on-Trent, Exeter, Farnworth, Leeds, Letchworth, Plymouth and Rochdale. Office *developments* have been completed at a number of provincial centres including *Birmingham, Bristol* and Manchester. The major industrial estate is located at Patchway, Bristol, and this has been extended over a number of years.

The report for 1976 stated that the property portfolio was fully and well let. The incidence of rent reviews plus further additions would contribute significantly to increases in income *in 1977-78*.

The development programme had encountered difficulties in securing tenants for three office developments nearing completion—at Birmingham (Hagley Road, 105,000 square feet); at Bristol (Whitefriars, 140,000 square feet); at Poole (Towngate House, 19,000 square feet). It had been decided that the commercial sites held for development could only be valued *at relatively nominal amounts*. Provisions on these sites accounted for three-quarters of the £7.6m. *property provisions*.

But the development programme had not been mothballed. Schemes worth £30m. were in progress, while another £30m. of investment was to *spread over the next three or* four years from October 1976. This latter spending will include industrial developments at Chelmsford, Nottingham, Andover, Harmondsworth and Wrexham, shopping developments at Blackpool and Rochdale, and office blocks in Glasgow and Edinburgh.

George Wimpey chose to build up its property interests largely through associate companies, with a half-share in companies like Ariel Developments, Euston Centre, Headley Properties and LW Properties. Along with *Laing it also held a fifth share* in Paternoster Development. It retains a 10.25 per cent. stake in Oldham Estate.

However, in September 1976 Wimpey extended its direct involvement in the property market through the acquisition *of Wingate Investments*. The latter was acquired for £5.25m. in cash following an indication that Wingate's bankers and its main creditor, the Inland Revenue, would not continue to support the company unless there was a major improvement in its financial situation.

The attractions for Wimpey in this deal included the acquisi*tion of St. Alphage House in* the City of London (book value £8m.); the development of the £17m. Wingate Centre at Aldgate in the City; the housing potential of the 312-acre Handley Page airfield and £16m. of long-term low-coupon finance.

It is only since 1975 that Wimpey has begun to undertake property development on its own account. But the acquisition of Wingate soon led to the creation last August of a wholly-owned property subsidiary, Wimpey Property Holdings, which started out with an initial portfolio of investment and development properties valued at £150m. This is expected to emerge as a major force in the *property development field*.

Portfolio

Taylor Woodrow has built up a substantial portfolio of investment property since 1964, shown in the accounts to represent £92.5m., over three-quarters of which is based on a top-of-the-market 1973 valuation. Rents less outgoings amounted to £8.24m. in 1976 before charging interest on investment property loans of £1.67m.

The 1973 accounts gave an *analysis of property investment* income—at that time £2.9m.—as offices 28 per cent., shops 62 per cent., *industrial* and *commercial* property 8 per cent., and residential 2 per cent. Although *three-fifths* of the portfolio is in Britain, three-fifths of total rental is estimated to come from overseas.

Almost all the portfolio has been developed by group companies, sometimes financed by joint arrangements with institutions with which the group has close relationships, such as Standard Life and the ICI pension fund.

Taylor Woodrow's largest development is at St. Katherine's Dock near Tower Bridge, where the London World Trade Centre, also a Taylor Woodrow subsidiary is housed. The whole development, which comprises offices, trading floors, a yachting marina, hotel and both public and private *housing will* probably cost £80m. but Taylor Woodrow is not stumping up all the finance.

Taylor Woodrow Industrial Estates owns sites in Newcastle, Southampton, Manchester and Ipswich and three in Scotland, all of which it sells piecemeal to industrial companies, normally complete with premises to suit their requirements. Speculative building is not often undertaken.

Ironically, the company which has kept its property development at a low level, with hardly *anything significant undertaken* since 1973, is Richard Costain. Last year it was the best performing contractor in the sector. Costain's approach perhaps is instructive.

John Moore

Demand rising in the South East

THERE WERE definite signs in 1977 that demand for industrial property in the South East was showing a marked improvement. Surplus capacity that had been around for some time was quickly utilised and in a matter of months there was a *shortage* of industrial developments in prime areas. The net result was a *sharp increase in prices* and this in turn encouraged the institutions to return to development funding.

Industrial property can almost be regarded as a barometer of the U.K. economy; when this is right demand for property is buoyant. In 1977 confidence was beginning to return. The pound was stronger and interest rates fell sharply.

Demand for warehousing and industrial units has been par*ticularly strong from the* smaller companies. Throughout the South East property agents *have received numerous en*quiries about smaller units of up to 5,000 square feet. The Government is at present showing a great deal of interest in the smaller companies since they have a vital role to play in the regeneration of British industry while at the same time helping to solve the employment problem.

But the private developers are reluctant to concentrate on smaller units since the high cost involved can mean inadequate returns. Thus much of the responsibility rests with the local authorities and it is noticeable that they are playing a more forceful role in the provision of small industrial units.

Such was the level of demand for warehousing and industrial *developments* that areas like Reading, Slough and Heathrow were quick to shrug off surplus capacity that had been over-hanging the market. Cheap rents disappeared overnight and figures approaching £2 per square foot, were to be seen. The encouraging movement of rents meant that the developers were showing more interest.

The buoyant trend was noticeable *throughout most of the* South East. Rents in Essex rose on average by 50 per cent. on the year and demand was most apparent for units up to 5,000 square feet, although there had been lettings for considerably larger units. Warehousing space was particularly popular and it was significant that a number of foreign companies were keen to take up *space*.

Inquiries

With the M25 now operational there has been an equally good *demand for property in Kent*. At one stage there were more inquiries about industrial space than at any time since 1972. Conditions have been a bit quieter in the *Brighton* area and rents may have only risen by 10 to 15 per cent. over the year.

In West Sussex, taking in Crawley and Gatwick, an area which has always been extremely popular with both the developers and the industrial companies, there has been a noticeable shortage of skilled labour and housing development is being restrained.

Berkshire, however, has attracted a considerable amount of interest. Once the slack was taken up in areas like Reading and Slough rents took off particularly in units under 10,000 sq. ft. It was in Reading that

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Problems in reversing London's decline

NS OF job and population movement into and away from Greater London since the war have provided a steadily growing demand for office space. But the changes have left the capital's industrial property market struggling. Government and local authority proposals to stem the loss of manufacturing jobs in the capital may give the market's poor relation a new status. But problems built up through generations of planning will not be resolved quickly.

The scale of the problem is illustrated by some dramatic figures of decline. In the early 1950s a fifth of all jobs in England and Wales were in London. A total of 4.4m. residents or commuters worked in the capital, and nearly half of those worked in manufacturing industry. Fifteen years later, by 1975, London's workforce had dropped by 500,000 to 3.9m.

The decline had been led by the loss of factory workers. By 1975 only 22 per cent. of the lower total of jobs was accounted for by manufacturing, and without the drive for urban renewal, that decline was expected to accelerate. The Greater London Council calculated that between 1975 and 1981 a further 300,000 jobs would be lost to London, with the sharpest fall among factory jobs.

Change

The move to reverse this exodus marks a radical change in the direction of planning strategy. After the last war New Towns were established in a ring around London in the hopes of relieving overcrowded inner boroughs of their housing problems. No one anticipated that the policy would so drain the economic life of those inner boroughs, that it cut their capacity to solve problems of decay.

Nor did the planners anticipate that generations of regional development aid, combined with tightly drawn planning restrictions within London and the Industrial Development Certificate system would drive so much new industry away from the capital without at the same time either regenerating the older industrial regions of the North or significantly redressing the balance of economic wealth accumulated in the South East region as a whole.

Now that the inner cities have become areas for renewal, the London boroughs are trying to break their image of being staffed by planning martinets, more concerned with rules than new developments. Efforts to bring life back to London's docklands, the largest area of developable land within any European capital city, are discussed elsewhere in this survey.

In boroughs bordering the docklands to the south of the Thames, Lambeth is at the head of the drive to encourage industrialists back to London. The *borough is to receive a £15m.* grant from the Department of the Environment for urban renewal between 1979 and 1981, and has been allocated a further £5m. under the Government's aid to the construction industry.

Part of the money will fund advanced factory building from "nursery" units of 5,000 square feet or less up to 16,000 square foot buildings. By the mid-1980s the borough hopes to have created just under 500,000 square feet of new industrial space and to have brought 1,700 new jobs into the area.

To the west of Lambeth, Wandsworth council is pressing State industries to release vacant land for development and hopes to have sufficient for around 1m. square feet of industrial building by the early 1980s. Here too private developers' reluctance to build small factory units has sparked a council advanced factory programme. Wandsworth plans 180,000 square feet of municipal industrial development by 1981, enough for 1,000 jobs.

Other southern boroughs are allocating areas for new industrial development. But the shortage of suitable sites explains continued upward pressure on the £200,000 an acre record prices seen at site auctions last year.

North of the river there is increasing *co-operation between* borough councils in their plans to increase local job opportunities. In 1976 the North East London Employment Group was formed by the boroughs of Haringey, Hackney, Enfield, Islington and Waltham Forest. The committee—made up of representatives of the member boroughs, the GLC and local MPs—helps to co-ordinate programmes of industrial land identification, and a number of member councils have allocated places on their housing lists for incoming manufacturing workers as an incentive to new employers.

Conflict

Although industrial schemes occasionally conflict with transport programmes—an unwillingness to permit new urban motorway links in the north of London sits uneasily alongside talk of the need for new factory and warehouse space—each of the North London boroughs has made an effort to establish its own advanced factory programme or to enter into partnerships with private industrial developers.

Westwards, the pull of Heathrow airport and the dramatic increases in volume of air freight in recent years has drawn manufacturing, and to a greater extent the distribution industry, to the boroughs of Hammersmith, Ealing, Brent, Hillingdon, and Harrow. Hounslow and even the primarily residential Kensington and Chelsea have also attracted a tide of new building. These councils have tended to support new factory applications, but warehouse schemes are increasingly closely scrutinised.

London councils' new enthusiasm for industrial development matches a significantly more active private industrial development market over the past year. Most London agents now talk of a near-balance of demand and supply in modern industrial space in Greater London, with a marked shortage of good warehouse and general industrial with part office space to the west of the capital in a *corridor from Heathrow to the* centre.

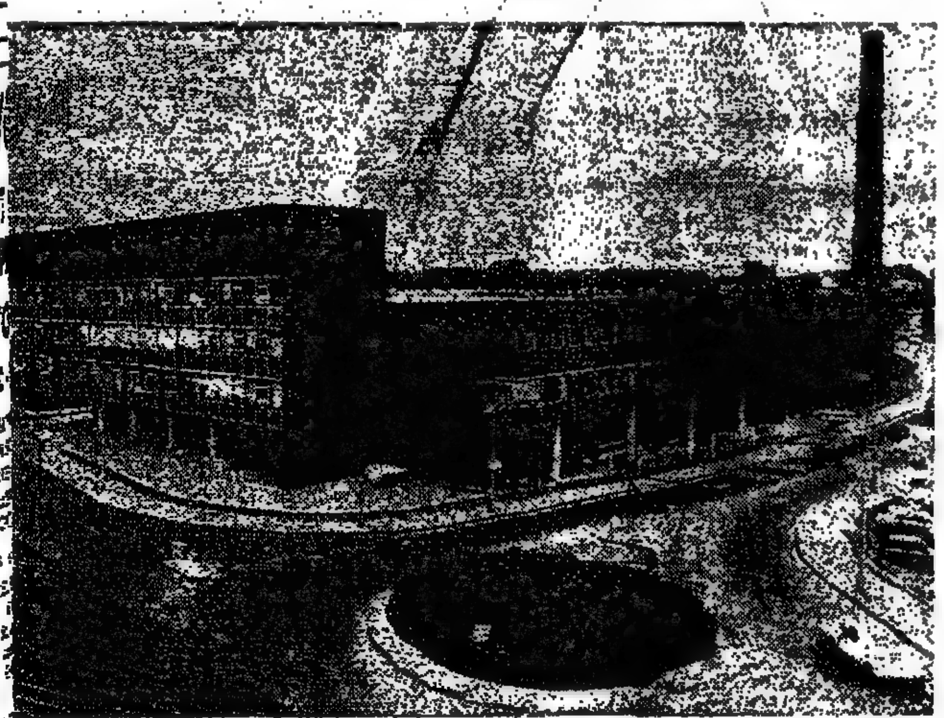
Demand pressure is evident from the rent increases for modern space over the past year to the £1.80 to £2.20 range throughout the London area. Edward Erdman and Company in its annual survey of the industrial market goes so far as to predict *that new space will* soon be letting for over £3 a square foot, a forecast that will cheer developers now forced to pay well above 1973 peak prices for well located sites.

On the face of it there should be little problem in finding land for industrial development within London. Aggregate figures of totally vacant land show that in 1971 16,140 acres of Greater London lay unused. If one added old industrial estates available for redevelopment to that total, inner city renewal ought not to be delayed by site cost problems. But, as the British Property Federation (BPF) recently commented in its statement on the Government's *inner cities* policies, "The return to the developer of sites in inner city areas must be in line with that of alternative urban and out-of-town development. *At present the gap* between the cost of development and its post-development value is too great."

The BPF explains the disadvantages of London developments and the consequently lower development returns, partially in terms of a continuing unwillingness of local councils to dispose of land at market price, rather than at historic, and often now unrealistic, costs. It also explains the shortage of suitable sites as a consequence of inadequate road systems, services, housing and ancillary amenities. The continuing local planning controls and delays imposed by Industrial Development Certificates also create a bottle-neck cutting the supply of sites.

Unless initiatives are taken to simplify London's planning laws, to update council planning systems, and to improve the inner city infrastructure, the BPF doubts if talk of urban renewal will be translated into fact. Unless these initiatives are taken, and, "the spark of demand is kindled by Government effort," the BPF sums up its views with the sad, but realistic warning that, "the prospect of dramatic change in the drab and derelict inner city areas is remote."

John Brennan



Peiser are offering this factory, office and warehouse complex on the East Route, Old Ford Road, London, E.3. A total of 152,000 square feet is available to let.

South East

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...states recently made ...t land sale for *some* ... the Suttons Seeds ... this site Slough hopes ... total of 106,000 sq ft ...nging *from* 7,500 sq ft ...,000 sq ft.

...n the area have shot ...under £1.50 per sq ft ...approaching £2. More...perty developers are ...*ng for* land and an ...rtage in this area ...lt in a sharp rise in the not too distant future.

Some, however, *still feel that* demand is too patchy to have any confidence in rents at this level, which are clearly needed to justify any major investment.

Nevertheless the demand for investments throughout the region rose steadily during 1977. Property companies took advantage of the rise in prices to carry out substantial rationalisation of their portfolios.

The shortage of prime investments prompted many investors to venture back into the funding market. Such was the change in climate that while at the start of the year only pre-let developments were sought there was even interest being expressed in speculative developments in the latter months.

However, the amount of capital around for speculative developments was in short supply so few actual developments got off the ground. Even the construction groups were taking a positive view on the market.

The improvement was not so noticeable in the secondary market, although there was some demand for the lower-priced properties. The level of investment meant that yields fell significantly and the yield gap between prime office and industrial/warehousing investments was closer than at the *time of the peak in the property* boom.

The industrial property market could be set for a major recovery but the stumbling block remains the *Government* regional policy. Any company *that wishes to carry out a* development where the floor space is in excess of 12,500 sq. ft. must obtain an Industrial Development Certificate from the Department of Industry. Until recently it has been very difficult to obtain an IDC for a speculative development unless the eventual occupier could be supplied. However, since March 1976 it has been easier to Obtain IDCs, but the conditions imposed are more severe.

There is now a strong move to scrap IDCs and introduce more refined policies towards industrial and office developments in the South East in an effort to check the slide level of manufacturing employment.

Anyway the improvement in demand for industrial property is bound to continue in the current year. As a result rents are *likely to rise further and* if the level for larger units continues to creep towards £3 per square foot property speculation must increase. Interest rates remain at the lower levels so an even greater number of developments will attract the necessary finance on a speculative basis. Just how long the supply of funds can be sustained is debatable. Equally uncertain is the availability of land, *particularly for* the larger units. But any supply of new industrial developments must be a pleasing sight for an area that has its fair share of obsolete properties.

David Wright

Upsurge in the North West

A MARKED resurgence in activity, sustained since last autumn and quickening through the early weeks of 1978, has been lifting spirits and stimulating investment hopes in the industrial property market in the North West. Merseyside agents Mason Owen forecast "a very fruitful year." From Manchester, Edward Rushton, Son and Kenyon confirm the upturn and point to the substantial number of deals at present under negotiation as evidence of the growing volume of realistic inquiry.

The trend is also supported by regional figures in the latest survey by King and Co., published this week, showing total factory floorspace of 6.327m. sq. ft. available for let or sale in the North West (including North Wales) at mid-December—almost 2m. less than four months earlier. Available warehouse space also showed a fall at 3.597m. sq. ft. against 4.88m. But the pattern was not reflected in a compensating improvement in industrial buildings under construction and ready for occupation within six months—867,000 sq. ft. against 1.014m. last August.

But even though the basic manufacturing economy of the region is still slow to expand, a number of other factors point to a rising rate of building starts in the medium term. The most consistent is the historical one that the North West was one of the earliest industrial regions and still carries the visible legacy in a relatively high ratio of old industrial buildings. A more recent factor has been the widening scale of local authority and Department of Industry initiatives and direct involvement in stimulating the region's industrial development.

There can be few county or town halls in the urban zones of the region which do not have at least a finger in the development pie. In Greater Manchester, it amounts not only to partnership involvement in estate development with private sector firms but to a full-scale commitment to the launching of a county development agency with initial funding of £5m., the establishment of a guarantee company as executive arm fostering closer partnership links with the private sector and offering a range of financial assistance to local industry. On a less ambitious scale, Cheshire County Council is also turning towards direct involvement in the bricks and mortar of development.

But a further telling and immediate factor has been the allocation of industrial units which were in the building pipeline in 1973-74 and have stood vacant since completion, in some cases for two years or more. The changed situation is summed up by Edward Rushton, which says that if deals currently under discussion go through it will have achieved 100 per cent. allocation of properties in this category.

A further factor in the case of Liverpool and Manchester-Salford is their inclusion in Government partnerships for the revitalisation of inner city areas, with the prospect of financial support for a significant number of new construction projects. Additionally, three North West districts—Bolton, Oldham and Wirral—are among authorities identified as having inner area problems meriting special attention and central funds, with powers to make loans and designate industrial improvement areas. The building of workshops and nursery factories in run-down inner areas is seen as having special potential.

Interest

Meanwhile, both private and public developer interest is now turning towards either new industrial estates or the next phase of existing projects in many parts of the region. Typical of this latter category is the start of a phase 3 extension of 66,000 square feet at the Royal Insurance—John Finlan estate at Stakehill, Middleton, where there is hope of attracting a single occupier.

Elsewhere in Greater Manchester, King and Co. is awaiting a sketch scheme for an industrial building plus offices of 55,000 square feet, confirming reports of a growing demand for larger buildings. According to the Manchester office of King and Co., an "encouraging percentage" of inquiries is now coming forward for industrial buildings of 20,000-plus up to 50-60,000 square feet. But inquiry for factories and warehouses up to 10,000 square feet is still a strong feature of a region with a high ratio of small firms.

But when it comes to the other extreme there can be few vacant factories in Europe to match the spectacular size of one currently being offered for sale by Edward Rushton. It is the former Courtaulds weaving mill covering 624,000 square feet in the Lancashire new town Skelmersdale. A price of £3.75m. is being sought.

Meanwhile, as catalysts for modern development, the North West's new towns are setting the pace for factory and warehouse construction. The progress of Warrington new town, strategically sited between the conurbations of Greater Manchester and Merseyside and possessing the best motorway links in a region well endowed with motorways, has been outstanding.

Development corporation sights are set on building 500,000 square feet a year and so far nearly 2.5m. square feet has been completed. Nearly 40 new firms moved into Warrington last year, occupying 400,000 square feet of factories, warehouses and offices. The latest addition to the 215-acre Grange employment area, which includes such names as Rowntree Mackintosh, Safeway, Grants of St. James's and Barclays, is a trans-shipment depot of 85,000 square feet for Woolworth. Work is to start this year on the town's third employment area, Winwick Quay.

Runcorn new town has this month announced plans to build a further nine factories this year on its Whitehouse industrial estate, where nearly 200,000 square feet is currently under construction to add to the 1.236m. already completed. Nearly 800,000 square feet is under construction at the town's Astmoor estate, where 1.130m. has been completed.

Further north, 60 factories have now been built at the 250-acre Walton Summit employment area of Central Lancashire new town, based on Preston-Leyland-Chorley. Work is now about to start on the town's second employment area at Moss Side, close to the major developments by Leyland bus and truck division. The town's third employment area is to be sited at Roman Way, north of the River Ribble.

Away from the new towns, Crewe is involved with two developers in a new 100-acre estate development, the biggest project in this part of Cheshire for some time. Cobden Commercial Estates is building nursery units ranging from 2,000 to 4,000 square feet available this year. Lesser Land is involved in units of between 5,000 and 40,000 square feet. Work has also started at the Crewe site on a warehouse of 200,000 square feet from Banbury Tea Warehouses. A new furniture factory of 50,000 square feet is being built by Frayling Furniture.

But the textile belt of neighbouring Lancashire still carries a surplus of former mills, many multi-storey, seen variously as an environmental blot and a disincentive to modern industrial development or alternatively as a ready and cheap (anything from 20p to 50p a square foot) source of accommodation beneficial to modest but promising entrepreneurs and possibly the major determining factor in the continued viability of some others. What has become clear is that there can be little demand or future for the upper floors of many multi-storey mills (there is even talk of demolishing unwanted floors, which could be an expensive business). One area with an absoluate shortage of new industrial buildings but 1.3m. square feet of available industrial property, including mills, is North-east Lancashire.

Sharing

But north-east Lancashire is sharing in the substantial programme of Government-advance factories being built in the North West. Regionally, nearly 180,000 square feet of floorspace based on 13 new factory units was allocated in the three months to January 1. Applications for a further 153,000 square feet were being considered at the same date. A total of 197,000 square feet is currently available and another 163,000 square feet under construction.

Now industrial rents in the North West are climbing. From £1.05p and £1.20p for the first and second phases of well-located estates completed three or four years ago, developers are now looking for £1.35p and £1.40p for phase three. There is talk of £1.45p being within measurable achievement for prime sites and few developers embarking on new schemes are thinking of less than £1. Similarly, an active developer like Warrington-based ... Cross, specialising in ... small factory units — and successful in meeting a sustained demand—is preparing to ... tion buyers to a rise in ... ing costs of up to 30 per cent.

Tom Hea...

Appeal of the South West

EVERY YEAR the tourist trail from London to the South West clogs the motorways and brings a little joy to the lives of British Rail accountants. Every year estate agents throughout Cornwall, Somerset, Avon, Dorset and Hampshire dole out sheets of "cottage for sale" particulars, knowing that by the end of the holiday season few of the country cottage dreamers will have done more than window shop. A similar pattern of business has applied to the industrial estate agencies in the past two years.

The South West has attracted its share of decentralised offices, despite competition from heavily grant assisted development areas. But it is an uphill struggle to counteract the outflow of local jobs as firms are seduced by Government-backed industrial programmes in South Wales or the North.

The area's appeal as a residential area — encourages the employer of office staff, as the regional imbalance in favour of service rather than manufacturing jobs shows. The office employer has a better chance of retaining key personnel if he moves South West from the capital rather than to the less traditional beauty spots of the North. And in most areas he has little difficulty attracting local clerical labour for less than London rates.

Industrialists have less reason to be drawn to the region. Few centres have a sizeable pool of skilled manufacturing labour. And even with improved road and rail links the South West is too far removed from other major industrial centres to mesh easily into the transport networks for manufactured goods that bind the South Wales region, the industrial Midlands or the North West together.

Development Areas and Intermediate Development Areas to the far West of the region, as well as Industry Act assistance for employers creating jobs in any of the South West Assisted Areas have helped to draw companies into the area. And although tourism and agriculture remain critically important, the north and north east of the region does boast a whole range of engineering, rubber, chemical, leather, tobacco, aerospace, electronics and even nuclear plant.

Nevertheless, the regional planners have had to accept that their best hope of attracting more jobs is to concentrate on easing expansion difficulties for existing firms, and concentrating on drawing in light engineering, electronics and other smaller employers who do not need a well established heavy industrial infrastructure to operate.

One of the problems here is the private developers' reluctance to build factory units small enough to appeal to these companies. The developers are understandably keen to stick to units of sufficient size to be of interest to institutional funds. As a result responsibility for much of the smaller factory provision has been forced into the hands of local and regional authorities.

Planners and private developers also have differing views on the type of property needed in the South West. Developers are happy building motorway or city fringe warehouse space to serve the thriving distribution industry. But planners are reluctant to release land for a warehouse which will do little to resolve local unemployment problems, and which will take a potentially prime industrial site from the market.

Patchy

This clash has resulted in an extremely patchy market. Over the South West as a whole a recent King and Company survey showed that, last autumn, there was 1.6m. square feet of warehousing and 1.8m. square feet of factory space standing empty with a further 275,000 square feet of new space under construction. The total, 3.33m. square feet, compares with 3.38m. square feet at the end of 1976 and just 1.13m. square feet in November 1974. That regional over-supply, which as the 1976-77 figures show, is very gradually being absorbed, masks extreme local variations.

In Cornwall the English Industrial Estates Corporation is carrying out a fairly active development programme satisfying the demand for smaller modern units of 5,000 square feet or less. There is plenty of older, multi-storey space available. And as the Corporation, local authorities and the major local mining companies effectively control the land market there has been little private development activity in recent months. Industrial rents ranging from 45p to 90p a square foot are also too low to attract speculative schemes.

Bristol's planners are amongst those who make clear their reluctance to release prime land for warehouse rather than factory projects. But the city is releasing land on its

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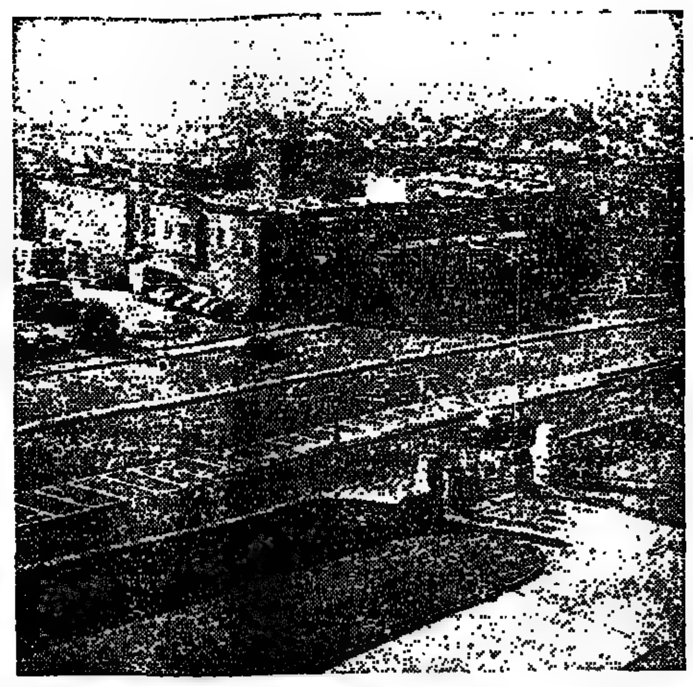
Slow growth in North East



A 55,000 square feet industrial warehouse property in Newcastle-upon-Tyne which is for sale through Fuller Peiser.

REJUDICES of big busi- et the reality of unem- it in the North East. The needs industrial develop- ut national and inter- businesses, even if to expand in the North e wary of straying from or towns. Similarly the developers building nises to house industrial on are wary of develop- hing other than the most y prime sites; they can their conservatism by the investing institu- hich themselves have a about property invest- the north and a blanket of anything that is not

e enterprise has thus behind in helping the ast out of its depression: has had to be taken by ient. Away from the irban centres of New- r Teesside, *virtually all* development has been d by either local or government. But while ough and county coun- the English Industrial Corporation can rightly *credit for developing* few private developers read, there is now a that their very action rpetuate the private reluctance to stray from s or motorways: the fin-ancial incentives now being offered by the public sector are making private development economically unfeasible.

But even with their range of incentives, the public sector factory developers have found that *finding tenants is an uphill* battle. The North East is still heavily dependent on traditional industries: three engineering sectors — mechanical, electrical and marine (including shipbuilding)—still account for more than half the region's manufacturing jobs. But those three sectors, plus the chemical industry and coalmining, have been reducing their manpower requirement over the past decade.

Last year when Plessey closed its Sunderland factory and others in the North East Special Development Area—with a total loss of 3,270 jobs—the Prime Minister asked the National Enterprise Board to make a special study of the region.

The NEB reported back: "There were difficulties in steering new industries to the areas which most needed employment *because of the industry's preference for "green field" sites*, as opposed to traditional sites along the Tyne and Wear, and because most of the unemployed lived in scattered mining villages."

It is the Department of Industry's English Industrial Estates Corporation which has been responsible most for diverting industry away from its green field preferences. The Corporation has developed numerous *small estates throughout* the region, ready for industry to occupy immediately.

Pre-let

Even if prepared to develop *in the same locations as the Corporation*, few private developers are prepared to build units other than on a pre-let basis: the Corporation with its advance factories available for immediate occupation thus has a clear *advantage over the private* developers. But it can also offer a rental advantage: Corporation factories are let at current market rents as assessed by the district valuer, but almost all tenants qualify for an initial *rent-free period of at least two* years. Since last year new industry in Special Development Areas will be eligible for a rent free period of up to five years.

And though the Estates Corporation is usually thought of *in terms of its advance factory* programme, factories will also be built to tenants' specific requirements.

Competing further with the private sector are the local authorities, particularly the Tyne and Wear metropolitan council, which has sponsored its own Act of Parliament and last year launched Britain's first industrial improvement area to be backed by legislation.

Tyne and Wear's plans fit *closely with the Government's* own inner city policies and besides new factory development, the council is giving existing owners grants to improve their premises. The first improvement area at Pelaw, Gateshead, has also received financial help from the European Regional Development Fund for site preparation and the provision of basic services.

The Norwood Coke Works Industrial Estate, also at Gateshead, has had similar aid from the fund, and finance from the fund is also being used to pay for land reclamation, as at Tyne Dock Arches, South Tyneside.

Industry itself can be eligible, too, for Regional Development Grants on plant and buildings. Associated Dairies has received £329,000 in Newcastle for instance, but nationalised industry is also eligible; the Coal Board was granted £385,000 at Sutherland. *And Regional Selective* Assistance will also give interest relief or concessionary rate loans and removal grants.

Further central Government aid has been available for the development of industrial estates under the Community Land Act. South Tyneside Borough Council, for instance, has received £80,000 from the Department of the Environment under this Act for site works on its Millbank Industrial Estate, a former British Rail site.

Faced with such competition from the public sector, it is hardly surprising that private development has been severely restricted. This fear that private development will be deterred has concerned Tyne and Wear County Council, which has completed over three dozen factories itself and has as many planned.

The Newcastle local authority's St. Paul's site, about 1½ miles from the city centre, is a compromise between public and private development. The council has licensed a private developer, Indescon, to build on the site. Speculative units of up to 10,000 square feet are being developed. Some other estates are mixed Government/private developments.

But the public sector-private sector conflict has virtually meant that the industrial property market has been divided between the two so that there are few sections of the market in which they compete. Geographically, for instance, the prime urban and motorway sites are being developed privately, whereas the less popular areas, where rents but not building costs are lower, are the province of the public sector. A bigger split, however, is by use: the English Industrial Estates Corporation develops only factories, thus leaving the warehouse market free to private developers.

The usual prejudice by planners in depressed areas against warehouse development is hardly evident in the North *East: it is accepted that ware*housing with its low job creation is better than no jobs at all. Thus at Teesside a retailing and wholesale estate has been developed at Portrach Lane, Stockton. Asda, Comet and *Calor Gas are among those sell*ing from the mixed private/public development.

Stronger

Teesside's industrial property *market is stronger than that in* most of the rest of the North East, however, because of a relatively strong local economy in which both ICI and British Steel Corporation are expanding. Both groups have premises on the *Skippers Lane Industrial* Estate at Eston. Other tenants on Hanover St. George Securities' development include Boots, Wallpaper Manufacturers, Berger Paints and Vestey and the final unit was let last year to Brown Brothers at £1 a square foot. Now, however, nearby estates are commanding rents of £1.25.

The rest of the North East, apart from the Tyneside conurbation, has neither much private development nor strong demand.

The very best rents in Hartlepool only just achieve £1 a square foot, for instance, but the Estates Corporation is the leading developer there. The English Industrial Estates Corporation's objective of helping local employment extends to the use of local builders, architects and surveyors on its many sites, which range from the *smaller Northumberland towns* like Alnwick and Bellingham to the Tyne and Wear heavy industry centres of Sunderland or Gateshead.

Typical rents are below £1 a square foot for areas over 5,000 square feet, but the Estates Corporation is concentrating in some areas on the development of smaller nursery units which command higher rents. Terrace development is therefore typical.

Such small units—like six totalling just 17,000 sq. ft. due for completion this summer on the West Chirton (North) Industrial Estate at North Shields—are particularly useful to small businesses starting up. On the Team Valley Estate at Gateshead (where the Estates Corporation's own offices are based), for example, the newly formed Anderson Ceramics has taken an advance factory at which it will manufacture sanitary ware. Anderson has taken over the design rights of the famous Adamsez company which was based across the river at Scotswood.

But the Corporation's factories allow small firms to expand. In 1972 Cumberland Fibres took a 26,000 sq. ft. advance factory at Hare Law, County Durham. The estate's planning has allowed it to expand three times — most recently last year—to now occupy 85,000 sq. ft. The Corporation's space is not only for small businesses though: Swan Hunter is also a tenant on the West Chirton estate at North Shields.

Most *of* the Corporation's landbank is at Gateshead—three-quarters of its 100 hectares in Tyne and Wear. The private has only 17 hectares available immediately there, but across the river in Newcastle the private sector has nearly 30 *hectares available for industrial* development, whereas the Corporation has less than one hectare. Apart from Teesside, Newcastle is the private sector's only real foothold in the region.

The Tyne Tunnel Trading Estate begun in 1967 has had over 750,000 square feet of space developed and let to tenants including Marks and Spencer, Prestcold and Security Express. The developers, *Property Security Investment Trust* are now on the estate's fourth phase and asking £1.05 to £1.30 a square foot—a rate that is almost being achieved.

Tyne Tunnel is the city's most successful estate. Elsewhere, however, demand is weak, usually for units below 10,000 square feet and usually from local rather than national companies.

Nearby the Tyne Tunnel estate Drum Developments is offering seven units which have been empty for four years despite an asking rent of below £1.

Drum has been more successful on the Scotswood Industrial Estate, however. This is a joint development with Vickers of the former shipyard. Its position four miles west of Newcastle's centre makes it well located for communication with both the motorway and the centre. In two years 110,000 square feet of space have been developed and let to tenants, including Boots. Over the two years rents have risen from £1 to £1.20 a square foot, and only 30,000 square feet (all factory space rather than warehouse) remains—divisible into three units.

But the private developer again has to think of the ultimate investment value of his development. Many of the small businesses from which the factory demand is coming are poor covenants, the best rent guarantee they can give being personal guarantees. There is little incentive for the developer to increase his risk—and little reward when he has to compete with the public developers.

Richard Thorne

South West

CONTINUED FROM PREVIOUS PAGE

and is applying for in- ate assistance status in to bring its generally istrial stock up to par. *ctory units can easily be* the city's dockland area ttle as 60p a square foot. dern units let for be- 1.10 and £1.50 a square the letting market has as the supply of well warehousing has been Good sites tend to oped on a pre-let basis requirements and the £1.40-£1.60 range is a shortage of de- sites in the Bath and markets and in both warehouse conversions en let for up to £1 a foot. New space com- £1.25 to £1.50 a square these markets now look tly balanced. Develop- n 1978 are likely to be d in a lessor's market consequent sharp rise in

is less of a problem Gloucester. But local are now *talking of* modern space renting at up to £1.30 a square foot and rising. Motorway linked sites near Newport and Chepstow, again *primarily warehousing*, fetch £1.20 to £1.40 a square foot depending on size and location. But there are still a number of reasonably placed older estates available for under £1 a square foot.

Swamped

Speculative building around Taunton, Bridgwater, and Weston-super-Mare has swamped a weak letting market, and initial asking rents of around £1.20 a square foot have eased to the £1 mark without much effect. The Exeter market has also been depressed. Demand is again most active in the smaller units and for units with easy access to the M5. Rents range under £1.20 a square foot.

Eastwards, Hampshire agents L. S. Vail and Son report reviving interest in the industrial market. Here again the con*tinued growth of light engineer*ing and electronics firms means that units in the 3,000 square feet to 10,000 square feet size range attract most letting in*terest. Rents of between £1.20* and £1.40 a square foot for the under 10,000 square feet units are common throughout the area with the occasional £1.50 a square foot letting for prime space of 3,000 square feet or less.

The Dock Workers Regulation Bill, with its proposals to control handling of goods within a five mile radius of the coast, threw a temporary scare into *the warehouse market*. A later dilution of the Bill's provisions eased this problem. But it may prove a damper on demand for space in Portsmouth and Southampton. There has been little new development in the past year and even with firmer rents, development may be restricted by the shortage of suitable land thanks to the Community Land Act provisions and local zoning restrictions.

J.B.

Welsh emphasis on the south

AS FAR AS industrialists and property developers are concerned Wales remains something of a conundrum. Without the incentives of lavish government grants and assistance it is doubtful if many would consider the region an odds-on choice for expansion or relocation.

After all, what is to be made of an area where unemployment is endemic, yet company failures are also high; where major industrial projects seem to be starting up and closing down at the same time?

At Merthyr Tydfil, for instance, Tri-Ang Pedigree, which employs 490, went into receivership at the end of the year, within a year of the closure of Courtaulds' hosiery plant which lost the town a further 386 jobs and only five years after Teddington Aircraft closed its doors on 600 workers.

Yet at the same time Asda, Associated Dairies' retail offshoot, has just opened a hypermarket outside the town. What is more Hoover, which makes all its washing machines for the European market at Merthyr, is now to spend £10m. building a 270,000 square feet new factory plus 47,000 square feet of office space in an expansion programme which could mean 3,000 more jobs.

Even that, however, big as it is, will not quite offset the extent of the planned closures at British Steel Corporation's Ebbw Vale steelmaking plant which will result in 5,000 lost jobs.

None the less, the Hoover move must be seen as an indication of confidence in the future from a group with inside knowledge of the area—after all it has been established there for long enough to learn all the drawbacks.

What is more, there must be major benefits to come from the interminably delayed road programme which has now finally got the go-ahead. For a start, the main road to the heads of the valleys from Cardiff, which only got half way to Merthyr, is now to be completed. And the last stretch of the A40 upgrading—from Abergavenny to Raglan—is also due to be completed and should be open by 1982.

But for all this promise, the bulk of industrial property development (outside a tight belt along the Cardiff-Newport axis) has been left to Government agencies. Private developers argue that they cannot compete with the carrots held out by the Government bodies, such as two-year rent-free periods. For its part the Welsh Development Agency claims that it is not competing with private developers but simply stepping in to fill needs which the private sector has chosen not to service.

Factory

Whatever the reason the Welsh Development Agency has the factory sector pretty much to itself. Set up in April 1976 to take over the development role of the Welsh Industrial Estates Corporation as well as having a pure industrial investment function similar to the National Enterprise Board, it is very active as a builder of advance factories and industrial estates.

Two of its biggest coups in the past year have been the Hoover deal, where the WDA is to provide the building, and the site for Ford's £180m. car factory at Bridgend. The WDA pieced together the 170-acre site and sold it to Ford which now intends to build a 1m. square feet factory starting in the middle of this year.

But these two jobs are only the tip of the iceberg for the WDA. It owns a full 15m. square feet of factory space of which 2m. square feet is either available for letting, under construction or about to be started. Last year it embarked on three building programmes totalling 773,000 square feet.

The first two of these programmes, of which the bulk of the building was in the Glamorgan area with its endemic employment troubles, particularly in the valleys, was concentrated on small "nursery" factories of up to 3,500 square feet. Mr. Tony Pender, the commercial director of the WDA, explains this pre-occupation by saying that studies clearly indicated that these were the size of factories for which there has been pent up demand. They are not difficult to let.

The third programme, announced in December, is for much larger properties, three-quarters of them over 25,000 square feet. On top of this there are also five bespoke buildings.

The WDA has industrial sites scattered throughout Wales (with the exception of mid-Wales where the development role of New Town has been absorbed by the newly formed Development Board for Rural Wales). It has, for instance, acquired 100 acres of derelict former steelworks land from British Steel at Rassau near Ebbw Vale and further development to the tune of £1m. in 11 factories is under way at the Shotton site on Deeside.

Mr. Pender says that the WDA is not permitted to charge less than a going market rent for its premises (though this, of course substantially reduces if grants and rent-free periods are taken into account).

Average rents, he says, are currently about 75p per sq. ft., ranging from 60p-65p for larger buildings or those in less favoured areas, to £1-£1.20 for smaller premises and those in plum areas. His figures are borne out by evidence from the private sector who confirm £1.20 as the top figure achievable. A similar ceiling exists for warehouse and distribution space, which is the area where private developers come into their own. (The WDA does not build warehouses.)

Mr. Paddy Hales of E. J. Hales, Cardiff estate agents, says demand for warehousing, particularly for distribution, in Cardiff has come back well and that there is little good space available.

The demand has not so far tempted developers to embark on ambitious estate developments though two schemes have just been completed and are coming on stream at Pen[...] Road and at Tyndall St[...] where Debenham Tewson is agent.

One of the problems is [...] new premises cannot really [be] made to show a viable re[turn] below £1.60. However, the[re is] now some promise of an inc[rease] from the current £1.20 [...] and Mr. Hales has rec[ently] advised a couple of deve[loper] clients to go ahead on de[velop]ing estates of small units [on] existing land banks.

As far as land prices are con[cerned], there is very little [land] available, but on the other [hand] there is no sign that scarcity [has] forced up the price of that w[hich] does come onto the market. [The] WDA, for instance, has a [land] bank of about 600 acres and [is] still in the market. Mr. Pe[nder] has not seen any increase [in] prices. Mr. Hales says s[o few] that there have been sm[all] parcels of land bought in [the] last two years that he ca[n't] put a price to land at all; [but] there seems to be no pres[sure] on prices.

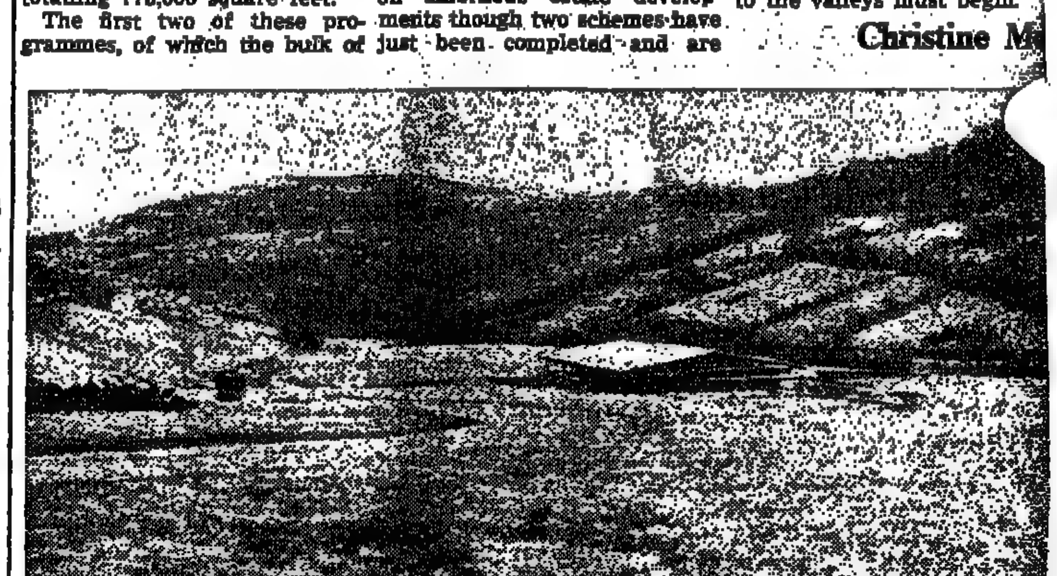
Change

Traditionally, nearly all [the] interest in development [and] investment has been in [South] Wales, but there are new [areas] of long-term scope in [North] Wales, particularly the [...] Deeside, Wrexham areas.

The Government, [for] instance, has just announ[ced a] £180m. 10-year roads [pro]gramme for Wales in which [the] North will get top priority. [The] programme will include a [new] interchange at Queensfer[ry,] Deeside and the aim [is to] strengthen access into [North] Wales from the North West [and] the Midlands. By 1981 [work] will start, for instance, [on a] direct link between Wre[xham] and Chester.

In the meantime, howe[ver,] the emphasis is still on [South] Wales and particularly on [the] axis from Newport to Swa[nsea,] especially with the two [...] chunks of the motorway (N[ew]port to Cardiff and Cardi[ff-]Bridgend) completed. It is [on] that axis that Ford has cho[sen] to build its new plant wh[ich] must in turn attract service [and] component firms. And i[t is] from that axis that distribut[ion] to the valleys must begin.

Christine M[...]



An advance factory (subsequently let to Motil Plastics) nearing completion on the site of the former Nine Mile Colliery near Cwmfelinfach, Gwent. The 25,000 sq. ft. factory was built by the Welsh Development Agency.

Northern Ireland picture mixed

THERE IS NO way one can discuss commerce and industry in Northern Ireland without reference to the Troubles. The bombings and the murders, the apparent intransigence of the political groups create such a turbulent foreground to activity in the Province that all too often economic life is obscured

Yet the truth is that, in the main, industry and commerce have not been the target of the terrorists. According to official sources last year, since 1969 only 17 firms have been put out of business as a result of bombing and only 800 jobs lost as a result.

The firms which are established there show no signs whatsoever of cutting back on development programmes let alone pulling out. Of the 30 U.S. manufacturing groups which have come to the Province since 1960, virtually all have expanded their original operations. Among those which have just announced a further major commitment is Du Pont, which is to spend £29m. on extensions to its neoprene synthetic rubber plant at Maydown. That this programme represents a real commitment to the Province is shown by the fact that it comes within a year of the assassination of one of its executives, Mr. Geoffrey Agate.

Among other recently announced expansion programmes, Blue Circle Cement has plans for a £45m. cement plant at Larne; Ford has started on an £11m. expansion; Hughes Tools is spending £4m.; and Gallaher, the U.S. tobacco group, is to invest a further £8m.

Two factors which must lie behind their continuing progress in Ulster are the excellent labour relations which show up in the lowest number of days lost through strikes anywhere in the U.K. and a level of productivity which far outstrips the rest of the country.

Of course, there are also the exceptionally high incentives given to manufacturers who choose to operate in Ulster. In mid 1977 the Secretary of State for Northern Ireland, Mr. Roy Mason, unveiled a further package of grants and incentives. They included a reduction in the electricity charges to industry of 30 per cent and a 10 per cent increase in grants for plant and buildings.

In the areas of highest unemployment manufacturers can now get 50 per cent. of their costs of building and plant paid for by the Government, and elsewhere in the Province the figure has been raised from 30 per cent. to 40 per cent.

The Common Market is another source of funds. Under the European Regional Development Fund, aid to industrialists in Northern Ireland over the past three years has totalled £23m.

Industrialists can also seek support from the number of specially constituted bodies such as the newly set-up Economic Council for Northern Ireland or the Local Enterprise Development Unit which began in 1971 to stimulate small [...] industries employing [...] staff.

Yet for all these incentives new investment in Ulster [is] difficult to woo. Only last week the CBI, at the request of Mr. Mason, conducted a seminar aimed at inducing financiers and institutions to invest in Northern Ireland.

Whether the conference will have an effect remains to be seen. So far not even the shortage throughout the country of prime property has tempted British investing insti-

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Halting revival in Scotland

...E THE first commercial and oil finds in the North economic planners and ...icians have been pointing ...d to Scotland's industrial ...ssance. So far the direct ...strial spin-off from North ... activity has been dis...intingly meagre. But in a ... subtle and, in the long ... a more effective way, the ... Sea finds have provided ...e for economic recovery. ... and gas has given ... and an effective political ... and the growth of confi... national politics has ... successive Westminster ...nments to look more ...tly at Scottish needs. The ... Sea has also helped to ...cotland onto the map for ...ational companies drawn ... latest oil State and stay...o tap its real wealth of ... labour. Less visibly but ...ual long-term significance ... impact of the oil on ...rial confidence. The ... Sea has made Scotland ...hionable area for invest... for the first time in 60 ... and local industrialists ...ow beginning to react to ...hange of fortune.

...strial developers in the 1960s and early 1970s ...estimated the time-lag ... North Sea finds would ... an effect on industrial ...y. And, like everyone else, the developers misjudged the depths of the recession that followed the oil price rises of 1973. The result has been a temporary over-supply of industrial space on Scotland's east coast and in the industrial heartland of Strathclyde.

That oversupply is slowly being absorbed. An independent economic survey of Scotland commissioned by Edinburgh agents Kenneth Ryden and Partners and published in January forecasts a steady recovery in industrial investment from 1978. Taking data from the Confederation of British Industry's Industrial Trends Survey the economists show a sharp decline in industrial investment in both plant and buildings in 1974, 1975 and, although actual investment figures for Scotland do not yet run beyond 1975, they believe that investment fell in 1976 as well. The tide seems to have turned last year and, "on past evidence the recovery of investment expenditure in 1977-78 might be expected to be extremely strong."

So far so good. But the economists urge caution by pointing out that Scottish industry shares the problem of excess industrial capacity with the rest of the U.K. Industrial capacity may be rising. But output is still below 1973 levels "and shows no distinct upward trend."

Without increased production the anticipatory expansion programmes of Scottish industry would have to be axed, and factory and warehouse space would continue to stand empty.

On balance the economists plump for an estimate of a 7 per cent. increase in real investment in 1977 followed by a 15 per cent. increase this year. They conclude that "The Scottish economy has ridden the present recession better than the remainder of the U.K., and we can expect the increase in investment in Scotland to lead that in the rest of the U.K., possibly further stimulated by likely downstream developments in North Sea oil and gas processing."

Crawl

A slow, but steady crawl out of recession has now been accepted by the industrial property developers. The building boom of 1971 to early 1974 collapsed leaving only a shadow of the previous years workload for Scottish contractors. But as financial recovery pre-dated an increase in industrial activity, last summer saw a renewed bout of development schemes as companies dusted off shelved schemes to feed an apparently insatiable institutional market for modern factories and warehouses.

That mini-boom has given way to another lull in new building activity as letting demand failed to keep pace with construction. The resultant over-supply of space has put a temporary damper on industrial rent growth and development throughout Scotland.

Edinburgh, Kenneth Ryden's home ground, provides a classic illustration of the 1977 mini-building boom. The agents report that there was only some 60,000 square feet of new inductrial space available in the Edinburgh area at the beginning of 1977. By the end of the year 220,000 square feet stood empty.

The agents report that rents for smaller modern units in Edinburgh now average £1.60 a square foot, falling to around £1.50 for larger lettings. It is hard to see any marked increase in rents until the existing over-supply is absorbed. And even then, with a further 798,000 square feet of new space on the drawing board, Edinburgh is unlikely to show any dramatic industrial rent increases in the next few years.

The letting market is more finely balanced in Aberdeen, despite 130,000 square feet of space available at the year-end. Much of the available space is bunched in large units, although Bernard Sunley has built an Aberdeen Harbour estate with three 6,380 square feet blocks and Slough Estates has built down to 10,000 square feet units.

One potential cloud on the Aberdeen horizon is the mass of short leasehold property on the market. Ryden warns that the weight of leases with five years or less to run could eventually unsettle the market. The danger of a mass transfer of existing tenants into more modern accommodation could have a cautionary impact on investment interest in the City.

Edward Erdman & Company, in its annual review of property, notes the increased availability of investment funds to prime new building in second tier towns, such as Sterling, Perth, Inverness and Kirkcaldy. And throughout the country small local replicas of the now standard high eaved warehouse/factory unit are springing up on the edges of even the most minor East Coast towns.

The bland design of modern industrial buildings is spreading throughout Scotland. But Glasgow, and the Strathclyde region as a whole, remains the industrial heart of the country and by far its largest property market.

The recent Strathclyde structure plan aims to direct the growth of the region over the next five years. The draft plan follows recent Government calls for the creation of industrial sites in advance of industry's needs. "No industrial investment or job" argued Whitehall "should be lost to Scotland through an inability to supply a site in the right place at the right time."

One of the plan's most controversial recommendations concerns the identification of sites for the creation of new heavy industrial centres.

The deep water port of Hunterstone on the Firth of Clyde and Irvine New Town to its South are seen as natural areas of expansion for the metal and pharmaceutical industries respectively. Newhouse West, near the new town of Cumbernauld is also earmarked as the site for a heavy industrial complex. The most controversial of the proposals is to make the so far undeveloped Glen Fruin, a Strathclyde beauty spot, the site for a petro-chemical plant.

Whoever wins the conservationists versus planners battle on the major sites, the private industrial property market will be taking more interest in two other strands in the structure plan's industrial strategy: the redevelopment of run-down industrial land within and around the cities, and the projected need for a further 1,800 acres of land for general industrial development within the region by 1983.

Grant

At the heart of the redevelopment programme is the Government's £120m. grant to revive the decayed East End of Glasgow. The cash is enabling the Scottish Development Agency to take on the small unit advanced factory building programme that public sector spending cuts forced from the hands of the City council. But more critically, plans to update the infrastructure of the area are helping to draw in private developers.

Investing institutions' preference for medium to large sized units keeps the private developers out of the under 5,000 square feet market. And so the myriad of small businesses in Glasgow are in general forced to stay in other multi-tenanted buildings or rely upon municipal or Development Agency schemes for modern space which rent for £1.25 to £1.45 a square foot.

At the year-end there was around 180,000 square feet of larger industrial units available in Greater Glasgow with a further 500,000 square feet that could be brought to the market by early 1979. Rents range from £1.10 to £1.50 a square foot, and as the market firms there are signs of another bout of development activity in the summer.

The Structure Plan assumes that it will not be possible to stem the population drain from the area without some exceptional change in the economic climate. Yet, even allowing for an annual exodus of 18,000 people for Strathclyde the planners estimate that 45,500 new jobs are needed by 1983 to bring the regional unemployment down from 10 to 6 per cent.

Attempts to meet even this modest target will probably involve calls for further Government assistance. And every additional development incentive won from Whitehall puts that much more bounce back into Scotland's industrial property market.

J.B.

N. Ireland

CONTINUED FROM PREVIOUS PAGE

tutions to put money into Ulster.

According to one prominent estate agent in Belfast, the only British institution to have made any investment is the Coal Board. The only source of long-term finance or development "take out" is the local government pension scheme, which has about £3m. a year to invest, and the pension scheme of Northern Ireland Transport Holdings which has perhaps £½m. per year.

According to Mr. Herbert Hunter of Belfast estate agents Brian Morton and Co., the absence of investment funds is the single biggest problem for property developers in Ulster. With few prospects of long-term funding or direct purchases from institutional funds, banks and finance houses are reluctant to provide development finance even though, according to market sources, developers could still make a profit after paying 11 per cent. for development finance.

For this reason there is virtually no industrial development being carried out by the private sector despite repeated claims that tenant demand is steady for well located units, and that capital growth through rental increases has been demonstrated over the past decade.

The best warehousing, almost exclusively in the docks area of East Belfast, now fetches £1.25p per square foot and supply has virtually dried up, Mr. Hunter says. Within a 10-mile radius of this area good accommodation lets at around £1 per foot and outside this belt new units average about 80p, according to the private sector.

The lack of competition among investors mean that such premises, even when let to prime covenants, sell for yields of around 11½ to 12 per cent., a source of acute disappointment to industrial developers who see similar accommodation finding buyers at 7 per cent. across the water.

Nevertheless, there are some developments under way at present. R. J. McKinney, a local steel construction group with a development arm, has an estate at Mallusk just off the M2 link to Larne. The first phase of 72,000 square feet is now completed and let and Thorn Electrical is one of the tenants. Now phase two, of 40,000 square feet has been started.

In the main, though, the Department of Commerce is the only really active developer. It has some 60 industrial estates spread throughout the Province, either completed or under construction, amounting to 422 units totalling some 18m. square feet. In all the department owns some 5,700 acres of land valued at £15m.

The biggest estate is just north of Ballymena, in County Antrim, and adjacent to the M2 motorway. The Department has 334 acres in this area on which it has already developed nearly 1m. sq. ft. of mixed industrial and warehousing space. It has now begun the infrastructure for a further phase on 77 acres.

At Acinagelvin, in Londonderry, a 22-acre site is in the process of development and units should begin to be ready by the autumn. This estate was developed to rehouse firms forced to relocate as a result of urban redevelopment plans for Londonderry.

Despite the massive size of this programme, the Department's official figures last October showed only 11 per cent. of total completed space as vacant. The number of empty units was given as 34.

Neither the vacancy figures nor the rent levels are confirmed by the private sector. Local estate agents talk in terms of a disproportionate number of the Department's advance factories empty for some time. They also speak of Sasking rents of 75p a foot on recent Department estates. But confirmation is hard to come by.

What is clear is that the industrial property market is not healthy despite a reasonable level of demand, particularly for smaller units. One source of worry, apart from the continuing scarcity of investment finance, is future demand.

The number of major new manufacturing projects has dwindled in the past couple of years (hence Mr. Mason's visits to the U.S. and Japan to invite industrialists to the Province). As a result the formation of distribution or service firms to service manufacturing has stagnated.

Nevertheless, in selected pockets such as East Belfast, any new development would be a sure fire success. Only new development needs development finance which in turn requires the prospect of long term investment "take out." And that is hard to come by.

C.M.

INDUSTRIAL PROPERTY XII

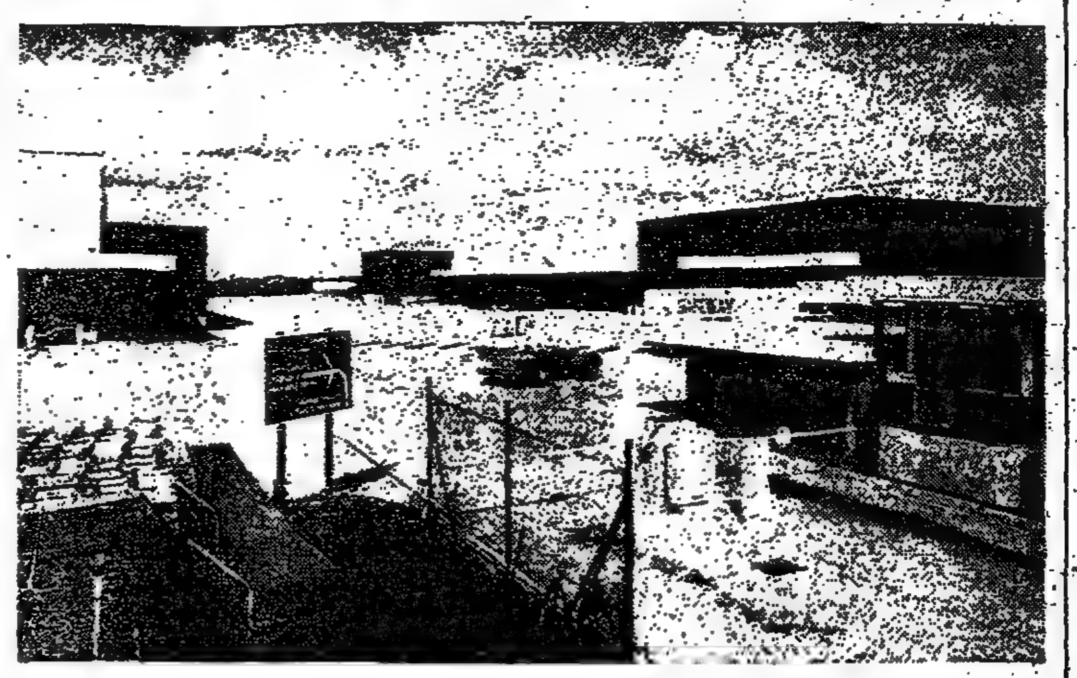
Better auguries for the New Towns

ON BALANCE 1978 should be a good year for the New Towns —*at least so far as industrial* development is concerned. This time there has to be some logic behind the feeling that industrialists are beginning to consider expansion again after four years of sitting tight and seeing their manufacturing output slump into the deepest trough since the 'thirties.

Little by little the news is percolating through of a handful of really big schemes—such as the new £4.5m. Coca Cola canning plant at Milton Keynes which is part of a planned £11m. scheme. But even more importantly there is a definite revival of interest in small nursery factories which are the nub of the New Towns' advance *factory programmes.*

But in addition to the general economic upturn which is glimmering on the horizon there are more specific reasons for *thinking 1978 will see the New* Town development officers wearing more of a smile.

For one thing the concept has survived last year's political battering which led to the abandonment of the latest generation of proposed New Towns. True, the existing ones are still grumbling loudly about the downward adjustments to their planned population targets. These adjustments, the New Town corporations suggest, reflect a certain lack of support from central Government.



A section of Warrington New Town's Grange employment area.

The hard fact is that the Government is now less concerned with New Towns than with the decay of the inner cities, which are to become the top priority for Government assistance after the Special Development Areas.

But much worse could have been in store for the New Towns. The cutback in their development programmes could have been much more severe. They could have been disbanded, or downgraded in the hierarchy of regional development schemes. At least the New Town Corporations now have the turmoil behind them and can get back to the business of building towns.

Moreover, another major fear —the threat of competition from existing local authorities through the Community Land Act in the field of factory and industrial building—has virtually evaporated. The Community Land Act, which was to ensure that local authorities handled most of the country's industrial development land has proved impractical.

The powers still exist for them to carry out developments or buy and sell and piece *together parcels of land* at enticing prices. But little is actually going on.

Instead the Community Land Act is actually working in favour of the New Towns because it is inhibiting the sale of land for development. (Who wants to sell when the surplus gain is taxed at 66 per cent?) This makes it extremely difficult for would-be private developers to find land on which to build their industrial estates.

Powers

Thus the New Towns—most of which have sizeable land banks, not to mention com*pulsory purchase powers which* they know how to use—have reduced competition for their own industrial estates just at the time when demand is *beginning to turn* up again. It is no coincidence that Milton Keynes let 13 advance factories in November last, 36 in the preceding three months and 70 over a 12-month period, nor that it has 500,000 square feet of space planned.

The accompanying table compiled by the Town and Country Planning Association gives some idea of the virility of the industrial development programmes of the New Towns as a whole. Nearly 6m. sq. ft. of space was under construction at *the year-end in 444 new units* and 52 extensions to existing units.

Considering that the Government has made it clear that the New Towns will have to generate most of their growth on their own from now on, rather than relying for the bulk of it on assisted overspill from the towns they were set up to relieve, this suggests a considerable degree of optimism.

In particular it suggests that the New Towns are not cutting back their programmes as a result of the new emphasis on aid to industry within the inner cities. To be sure, there were some outcries when this move was first announced last spring, but since then what opposition there was has virtually died away.

In fact the aid that is being given to the inner areas is pretty small when set alongside the incentives which development areas can offer. The £100m. Mr. Peter Shore promised the inner cities will spread only thinly; it is unlikely to attract sufficient industry seriously to eat into the potential clients of the New Towns.

Still, the concept of inner city restoration has caught the fashion of the time and it is there that the real competition to the New Towns lies. If the *concept germinates* and results in pressure to pour really large sums of Government aid into the inner areas, then the New Towns will have cause for *concern.* That is why a forecast for 1978 must contain a note of caution—even if on balance it looks like being a good year.

C.M.

NEW TOWNS INDUSTRY

	Completed from designation to Dec. 31, '77 (est.) No. of employees	Size (000 sq. ft.)	Under construction at Dec. 31, '77 (est.) No. of units	extns.	Size (000 sq. ft.)
LONDON RING					
Basildon	23,363	6,814	10	16	103
Bracknell	12,021	2,986	3	1	192
Crawley	20,068	5,185		1	51
Harlow	20,000	7,023	8	2	101
Hatfield	1,568	441	—		—
Hemel Hempstead	12,750	4,403	1	1	132
Stevenage	14,700	3,689		8	34
Welwyn Garden City	5,000	1,548	—		—
Total: London Ring	109,470	32,089	22	23	613
OTHERS IN ENGLAND					
Aycliffe	443	1,157		6	135
Central Lancashire*	800	424	12		210
Corby	4,463	1,939	4		66
Milton Keynes	7,250	2,942	60		1,050
Northampton†	7,800	4,026	24	2	317
Peterborough	4,100	2,970	36	1	219
Peterlee	5,350	1,752	30		156
Redditch	8,000	3,450	21	2	174
Runcorn‡	5,018	2,440	18	3	781
Skelmersdale	8,100	4,327	8	1	55
Telford	7,300	3,706	24	4	258
Warrington	1,970	1,445	38		409
Washington	9,600	3,673	19	4	158
Total: Others in England	70,194	34,851	294	23	3,988
WALES					
Cwmbran	3,924§	1,443	38		143
Mid-Wales (Newtown)	1,113	382	24	1	96
Total: Wales	5,037	1,825	62	1	239
Total: England and Wales	184,701	68,765	378	47	4,840
SCOTLAND					
Cumbernauld	9,035	3,561	27		206
East Kilbride	18,143	6,380		1	63
Glenrothes¶	8,076	3,043	7		216
Irvine	5,000	2,658	1		17
Livingston	5,675	2,714	26		345
Total: Scotland	45,929	18,356	61	1	847
Total: Great Britain	230,630	87,120	439	48	5,687
NORTHERN IRELAND					
Antrim	n.a.	818	—		—
Ballymena	3,141	1,442	5		81
Craigavon	8,650	3,339	—		—
Londonderry	3,500	2,050		4	8
Total: Northern Ireland	15,291	7,649	5	4	89
Total: U.K.	245,921	94,769	444	52	5,776

This table is reproduced by courtesy of the Town and Country Planning Association, 17 Carlton House Terrace, London, W.1. It forms part of the statistics on New Towns to be published in a special issue of the T & CPA journal later this month.

* Post designation figures are available only for development carried out by or on behalf of the Development Corporation.
† These figures are currently under review.
‡ Actual figures at October 1, 1977, are given under all estimates for December 31, 1977.
§ Figures only available for premises owned by the corporation.
¶ Actual figures at September 30, 1977, are given under all estimates for December 31, 1977.

Wide scope for energy saving

By MICHAEL CASSELL, Building Correspondent

...RDAY'S report on Bri... energy guzzling" build... ...uld lend added urgency ...s now being made to ... that conservation of ...ecomes a vital element ... energy policy. ...ng measures have con... to energy savings worth ...ated £2bn. over the last ...rs, but faced with the ...t energy prices during ...t two decades are ex... ...o double in real terms, ... every reason—as the ...hows—for conservation ...mes being stepped up. ... has been considerable ... of both the level of ...awareness and the re... ...action in saving energy ...in, and the report from ...sory Council on Energy ...ation underlines just ...ch there is left to be ...

...qually, there is no doubt ...pinion has changed ... and that the Govern... task of achieving im... ...efficiency of energy use ...t emphasises is the res... ...ity of the individual as ...(the State) is one which ... being given priority ...it. ...message is clear; while ..., compared with most ...untries, is well off in ...f energy supplies, the ...nd medium-term pros... national self-sufficiency ...t insulate it from a ...nergy shortfall expected ... the end of the century. ...e question of alterna... ...rces apart, failure to ...orous steps to ensure ...d efficiency of energy ...e future could ruin any ... which the U.K. may ... achieving a reasonable ...economic growth. ...aims that, in spite of ...ning prospects, the U.K. ...sistently appeared way ...e international "thermal efficiency league," Dr. John Cunningham, Parliamentary Under-Secretary of State for Energy and the man responsible for energy conservation, recently told the House of Commons that the Government's programme was now one of the most forward looking and most effective in operation anywhere.

The impression given is that if the U.K. has been dragging its feet in the past, it is now up among the frontrunners. It is difficult to establish *exactly how well the U.K. rates* in energy conservation when compared with, say, the rest of Europe, but if it still remains behind other countries in legislation enacted, it appears to be as far ahead as most in what is actually being implemented now.

Long life

Much of the emphasis on conservation is understandably being directed to Britain's buildings where, according to Mr Reg Freeson, Minister for Housing and Construction, 15 per cent of the nation's annual consumption of energy could be *saved by using existing techniques and methods of power-saving.*

As the Advisory Council's interim report points out, buildings occupy a special position in energy conservation considerations because of their long life—on average well over 60 years. Buildings now being put up, therefore, will be standing when energy supply problems intensify, and failure to bear this in mind, during design and construction work, will spell great trouble for future generations.

But as Prof. Patrick O'Sullivan, chairman of the advisory Council's buildings working group, emphasised yesterday, the main problem area for insulation involves the existing building stock.

Over a quarter of all energy used goes to people's homes, the *greater part of it for heating* and hot water, and it is on houses that much of the Advisory Council's attention has been focused.

The recent Watt Committee report on energy described houses as "one of the major wasters of energy" and Prof. O'Sullivan supported that view *when he estimated that, of the* nation's 20m. homes, no more than 1½m. are well insulated. He believed that perhaps another 1m. have *some form of* insulation and *that the remainder* had "nothing worth mentioning." The working group, he said, was concerned that exhortation had failed to persuade the majority of house owners to carry out the basic good-housekeeping measures of insulating roofs and hot-water tanks.

It was "a national scandal," he said, that millions of hot water storage tanks remained uninsulated when the cost of doing so could be covered, by lower fuel bills within six months. *Estimates such as those* which suggest that full insulation measures could in the average home, reduce an annual £200 heating bill to less than £90 have in too many cases, fallen on deaf, if not very cold, ears.

Neither is the picture any more encouraging as far as non-domestic buildings are concerned, where poor standards of insulation are aggravated by a tendency to design structures that must inevitably involve extravagant use of energy for heating and cooling.

As the report emphasises, methods of insulating buildings and hot water systems are widely available and the economics are generally favourable. All that is required, it adds, is the will to act on the part of individuals, property owners and the Government.

There has already been some action. In December of last year, Mr. Anthony Wedgwood Benn, Secretary for Energy, announced a 10-year energy conservation programme, designed to save eventually as much as £700m. a year at present prices. Among the measures to be taken are increased insulation standards for over 2m. public sector homes, at an initial cost of about £28½m. a year. The decision, which was accompanied by a wide range of energy saving measures affecting all types of *public sector buildings, has been* criticised by many people, who claim that the private sector has been discriminated against.

They believe that any energy *conservation campaign must* include positive incentives to private home owners and that existing evidence shows that the Government cannot rely on the owner occupier to take action without offering financial help.

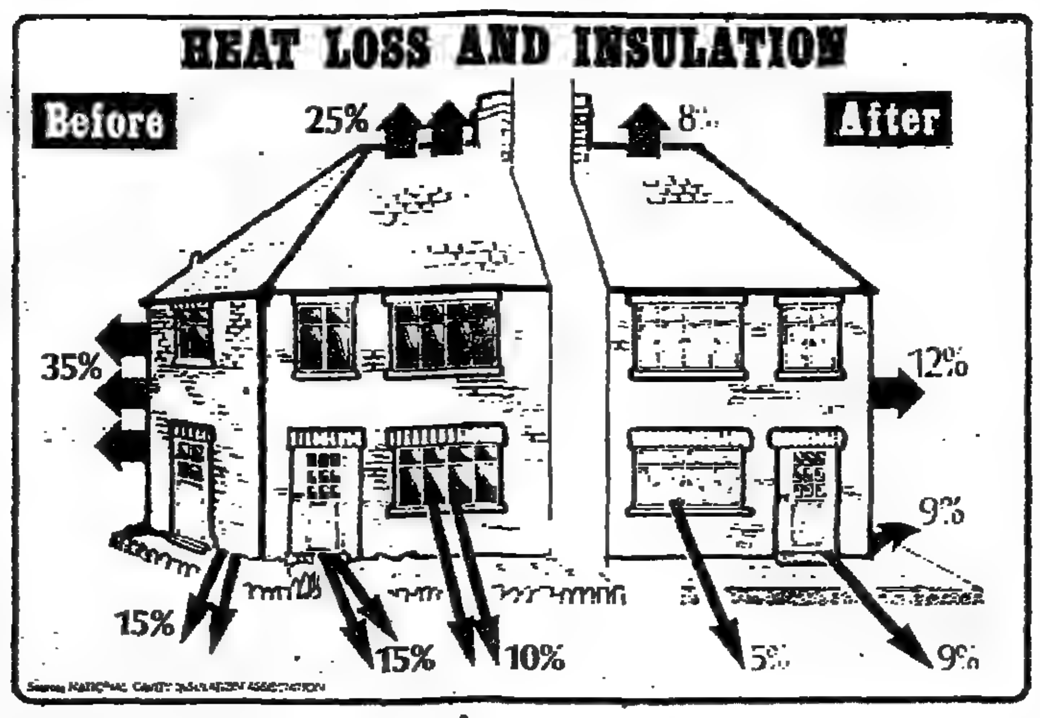
There is now some hope, however, that the Government might give assistance to the private sector. *It is known to be looking* at a scheme whereby the owner occupier obtains an insulation grant and repays it later as part of his fuel bills.

The Advisory Council report contains figures which indicate that, for a national expenditure of £1.8bn. on cavity fill, together with a programme of loft insulation, domestic energy consumption would drop to the point where a once and for all maximum cash saving of £5.8bn. could be achieved.

The Council accepts that *improvements to the fabric of* a building are not likely to be carried out without some element of encouragement and suggests several ways in which the insulation drive should be stepped up.

Building societies, it says, could consider withholding loans on properties with substandard insulation and might also make loans available purely for domestic conservation measures.

Grants, tax relief or interest-free loans to encourage conservation measures for both housing and other buildings are also suggested. The Council points out that not all its suggestions necessarily require Government *action and that the way is open* for building societies and "other enlightened organisations" to take the initiative in some areas.



For buildings outside the domestic sector, less is known about heat losses and the stock of premises is so diverse that the true potential for energy savings is not as clear, although the report imagines it to be "enormous."

According to the Department of Industry, which has collected information from visits to over 2,000 factories as part of its Industrial Energy Thrift Scheme, an estimated cost saving *of £370m. a year—or nearly* 10 per cent. of the annual rate of industry's fixed capital investment—could be achieved through energy saving technology.

The Department admits, however, that while the total magnitude of energy savings may be large, there is no one simple way of achieving it because of the diversity of the problem. There is, at least, a very real incentive for industry to insulate its premises, with operators of industrial buildings able—since the 1975 Finance Act—to offset the total cost of insulation, including materials and installation, against tax.

But while attention is primarily *and righly being* concentrated on the existing stock of buildings, there is concern that insufficient progress is being made to ensure higher standards for new buildings.

Building regulations governing the non-housing sector have not been subjected to any fundamental review for many years and, although this process has now been carried out and will lead to a doubling of basic insulation standards, it is still not clear when the new rules will take effect.

The building regulations affecting housing were last updated at the beginning of 1975, the culmination of six years' difficult work. There is already a good case, however, for recommending further changes to current thermal insulation standards and this possibility is now being discussed within the Department of the Environment.

Mr. Ian Munro, secretary-general of Eurisol-U.K., the Association of British Manufacturers of Mineral Insulating Fibres, says that minimum insulation standards in the U.K. still compare badly with many other countries, as do the financial incentives provided by the Government.

"The simple fact is that today nothing should be built with less than a 100mm layer of insulation to protect it, although *the regulations stipulate* only 50mm. There is evidence to suggest that, in housing in particular, private sector builders are laying down minimum thicknesses in order to cut costs."

Eurisol, like other representative bodies with a substantial element of self-interest in their actions, has for some time been urging the Government to take the sort of action which is touched on in the Advisory Council's report.

Bodies like the National *Home Improvement Council* have added their weight to calls for more incentives and, if necessary, more legislation and they will be pleased to have found a valuable ally in the Advisory Council's findings.

Publication of its report was brought forward to stress the need for immediate action on improving the level of energy conservation in all types of buildings. Its warnings and recommendations will be taken seriously by a Government which has pledged itself to reducing the nation's energy consumption by the end of this century to a point 20 per cent. below what might otherwise have been.

Letters to the Editor

...es of pension ...ds

From Mr. N. McLeod.

...vestments previously favoured. This is ¼ per cent. above the rate on new money, received after that date.

One of the reasons for this action was to soften the fall in *rates for those earlier investors.* This gesture is not, as is suggested "costing us millions per month." The actual figure is about £1.6m. per month.

H. L. P. Timberlake.
Abbey House, Baker Street, N.W.1.

Immigration debate

From the Rev. J. Cross.

Sir,—As I read some of the remarks of *your correspondents* —Mr. Rogaly (February 1) and Mr. Rutherford (February 10)—about Mrs. Thatcher's recent interview on television I began to wonder if I had watched the same programme.

As I understand Mrs. Thatcher she was demonstrating what psychologists call empathy for those of English origin who live in *areas of large immigrant* concentration. She said that such English people might feel swamped by the concentrations of immigrants in their area and that, unless mainstream politicians showed by what they said that they understood such feelings and were prepared to do something to allay the fears to which such feelings give rise, there was a danger that such people might turn to political extremists like the National Front. Mrs. Thatcher made it very clear that she herself would deprecate such a reaction. In view of the fact that the National Front *is said to draw* two Labour supporters for every one Conservative I would have thought that the Prime Minister and so-called liberal-minded commentators such as Mr. Rogaly and Mr. Rutherford would have applauded her. Yet, on the contrary, she has been subjected to abuse from MPs and strictures in your columns.

Mr. Michael Alison has already replied to Mr. Regaly (February 9) on the matter of statistics from which I observe that strict application of existing laws might well reduce the numbers *of immigrants* without in any way "reneging" (Mr. Rutherford's word) on previous British commitments. Mrs. Thatcher does not appear to have proposed to renege on commitments, *so "renege" seems a funny* word to use, at least as funny as the way Mr. Rutherford thinks Mrs. Thatcher runs the "shadow" Cabinet.

And on the subject of funny words *it seems to me to be* funny, not to say perverse, to describe the influence of Right of Centre Conservative MPs upon their leader as "unholy" and funnier still that your sub-editor should select this word "unholy" for his one cross-head in the article entitled "A Funny Way to run a Shadow Cabinet."

J. H. L. Cross.
37, Tregunter Road, S.W.10.

Gatwick and Heathrow

From the vice-chairman, Haslemere District Aircraft Disturbance Action Group.

Sir,—In the recently published White Paper "*Airports Policy*," the Government states that it intends, by the construction of a second terminal, to increase the passenger handling capacity of Gatwick Airport to 25m. a year—and without building a second runway.

The White Paper states (para. 91): "There is at present no airport in the world which is *handling a throughput of about* 25m. passengers a year off a single runway. Indeed, there are very few airports with this amount of traffic. However, the British Airports Authority is convinced that there are no overriding reasons why such levels of traffic should not be accommodated with a single runway." According to British Airports Authority annual report for 1976-77, Heathrow handled 24,102,777 passengers in that year.

We suggest that the Government would also like to convince the British public, as it is apparently convinced itself, that Gatwick will be able to handle 25m passengers per annum with its one existing runway, by a simple exercise. Could it not close all but one of the Heathrow runways for several weeks (anyway for a realistic trial period), to establish the feasibility of handling the number forecast as possible at a single-runway Gatwick?

No doubt, the official argument will be that this exercise would not be comparable with conditions applying in 1990—the date by which a second terminal is planned for Gatwick. But such an elementary precaution might *at least prevent the disaster of* another Heathrow.

The BAA report also shows that the average number of passengers carried per plane at Heathrow is considerably larger than that at Gatwick and, as also this is the off-peak period, the proposed exercise would in any case favour Heathrow.

Robert Beveridge.
Little Swanborn, Petworth Road, Haslemere, Surrey

Government policy

From Mr. P. McKenna.

Sir,—In your leader of February 7 you quote the Attorney-General, Mr. Silkin, as follows: "It is not now and has never been the policy of the Government that it should take any action with the intention or consequence of causing a breach of contractual or other legal obligations."

I have difficulty in reconciling this statement with my understanding of the Grants, Remuneration and Charges Act *of 1975.* As I understood it, this legislation relieved employers of established contractual obligations if the effect of honouring such obligations would have been to break the then pay code.

Perhaps Mr. Silkin can reconcile for us this apparent conflict.

Peter McKenna.
Oak Lodge, St. John's Road, Hazlemere, High Wycombe, Bucks.

Breach of contract

From Mr. R. Nash.

Sir, — We perused with great interest your report on the statement of Mr. Sam Silkin, QC, before the Appeal Court in the matter of Holiday Hall v. Electrical and Plumbing Trades Union published on February 7.

It may be noteworthy to draw your attention to the provisions of the Remuneration Charges and Grants Act 1975 which, according to our information, removes any contractual obligation *on an employer* to pay remuneration which would be in excess of the pay limits set out in Government White Papers on this subject. This provision has been extended until July 31, 1978.

One wonders how this piece of legislation is capable of reconciliation with the Attorney-General's declamatory statement before *their Lordships* "that it is not now and has never been the policy of this Government that it should take any action with the intention or consequence of causing a breach of contractual or other legal obligations."

As this company is engaged daily in the business of advising employers on the interpretation of the welter of legislation affecting them, we communicated with the special information unit of the Department of Employment and were advised that a statement on this subject was to be issued by the Department of Employment within a matter of days. Subsequently, however, we were in further telephonic communication and were advised that a statement was not now to be expected.

R. Nash.
Regional Business Services.
Regional House, Troy Road, Horsforth.

Unavailable anthracite

From Mr. E. Barrow.

Sir,—For over fifteen years I have been using a solid fuel room heater and for all that time until this year I have been able to keep during the winter ample stocks of the appropriate *fuel—anthracite stove nuts.*

I have not however been able to obtain any supplies of this fuel since the early summer of 1977 and have had to make do with all kinds of alternatives, some of which have been quite unsatisfactory. In addition, for over a week I was out of stock of any kind of fuel.

I might say that during the period concerned I have been in constant touch with both my coal merchant and also the local office of the Coal Board without any success except some vague promises. The latest tale I have is that the transport drivers strike in Wales is having an effect on anthracite supplies.

E. Barrow.
1, Benomley Crescent, Almondbury, Huddersfield.

All-British airliners

From the Director, The Tory Phoenix Group.

Sir,—It was ironical that the day after you published Freddie Laker's powerful plea (February 9) for an all-British airliner, we read in the Press of high level talks between senior executives in British Aerospace and their counterparts in Boeing.

The Prime Minister has spelled out his belief that North Sea oil revenue should be used in part to regenerate British industry, and what better field of technology and science is there to develop on a commercial basis than the next generation of airliner.

It is all very well for men of "goodwill" to press for international co-operation and understanding. But in commerce these sentiments cut very little ice, as the British car industry has discovered in its unsuccessful attempts to reduce the level of Japanese imports.

In my view there should be a concerted attempt by British Aerospace, British Airways and the Ministry of Technology to produce an all-British airliner. The current attitude of resigned despair in Whitehall is simply not good enough. It is about time someone started fighting for British industry instead of permanently capitulating to the fashionable intellectual idea that no major British commercial venture is ever likely to succeed.

Tim Stroud.
10, Coleherne Mansions, 228, Old Brompton Road, S.W.5.

To-day's Events

GENERAL

Prime Minister speaks at Institute of Export lunch, Connaught Rooms, W.C.2.

CBI Council meets and is expected to decide its attitude to Government plan to insert pay clauses into future contracts with companies.

Power workers' pay talks resume, Electricity Council, Millbank, S.W.1.

European Parliament in session, Strasbourg.

Professor Julius Gould, Professor of Sociology, Nottingham University, speaks on "Education and Marxism" at St. Lawrence Jewry next Guildhall, E.C.2, 1.15 p.m.

Victoria Sporting Club International Award for Valour in Sport, Guildhall, E.C.2.

Sir Peter Vanneck, Lord Mayor of London, and his Sheriffs attend Dyers' Company dinner, Dyers' Hall, E.C.4.

PARLIAMENTARY BUSINESS

House of Commons: Scotland Bill, completion of remaining stages. Motion on Medicines (Exemptions from Restrictions on the Retail Sale or Supply of Veterinary Drugs) Order.

House of Lords: Debates on land purchase difficulties; and on pay in the public sector.

Select Committees: Science and Technology (General Purposes sub-committee). Subject: Durability and efficiency of electric lamps. Witness: Mr. I. D. M. Meiklejohn (10.30 a.m., Room 16). Nationalised Industries (sub-committee B). Subject: British National Oil Corporation report and accounts. Witnesses: British National Oil Corporation (10.45 a.m., Room 8). Overseas Development. *Subject: Re-negotiation of Lome Convention.* Witness: Mr. Edmund Dell, Trade Secretary (4.15 p.m., Room 6). Expenditure (Social Services and Employment sub-committee). Subject: Employment and Training. Witnesses: National Union of Teachers and Manpower Services Commission (4.30 p.m., Room 15).

OFFICIAL STATISTICS

Basic rates of wages and normal weekly hours (January). Monthly index of average earnings (December).

COMPANY RESULTS

Birmid Qualcast (full year). Dalgety (half-year).

COMPANY MEETINGS

Compair, Institute of Marine Engineers, E.C., 12. Martin the Newsagent, Connaught Rooms, W.C., 12. Westland Aircraft, Hyde Park Hotel, S.W., 12.

EXHIBITIONS

Stamps of Haiti and Brazil, Gibbons Gallery, 399, Strand, W.C.2 (until February 28).

Sir Thomas More—His Life and Work, National Portrait Gallery, St. Martin's Place, W.C.2 (until March 12).

SPORT

Tennis: BP Cup, Torquay (9 a.m.).

COMPANY NEWS + COMMENT

MFI doubled to £1.7m. at halfway

WITH SALES £7.05m. higher at £22.29m., pre-tax profit of MFI Furniture Centres more than doubled from £835,000 to £1.71m. in the 26 weeks to November 26, 1977.

Mr. Arthur Southon, chairman, is confident that, with trading since November at higher than anticipated levels, results for the year will show a continuing satisfactory growth. The half year profit is just short of last year's total pre-tax earnings of £1.86m.

MFI achieved peak earnings of £2.2m. in 1972-73 before slumping to only £0.81m. and £78,000 in the two following years. It recovered in 1975-76 to £1.03m.

Mr. Southon says the good results and improved profit margin have been achieved by a significant increase in sales at all the group's branches.

In the period four new branches were opened and two smaller outlets closed. Programmed expansion for the remainder of the year will take the number of MFI branches to 59 by the end of May.

A one-for-one scrip issue is proposed. The shares from the issue will not rank for the interim dividend this year.

The interim is up from 1.36p to 1.98p net per 10p share. After waivers the cost is £157,000 (£116,000). Last year's total payout was 3.936p per share.

Earnings per share are given at 7.2p against 3.5p. With the profit subject to tax of £912,000 (£448,000) net profit is £793,000 (£387,000).

● comment

MFI's first half results are certainly impressive when one looks at the furniture industry in general, where deliveries by volume are down by about 3 per cent. over the period. Profits jumped 104 per cent. and the shares rose 8p to 130p, but then fell back to close at 124p as the market as a whole went weaker. New shop openings inevitably distort comparisons but MFI has boosted volume by about 39 per cent. through sales outlets which have increased in square footage by 25 per cent. to 750,000 square feet. The company's flat-pack kits have clearly been a very popular alternative to assembled furniture in times of low consumer spending. Also the extra volume has given much better margins on sales (up two points to 7.7 per cent.) and prospects for the year look good, especially as sales outlets are being further increased in area by about 14 per cent. to 340,000 square feet. With the possibility of some rise in consumer spending in the second half, the company could reach £3.75m. for the year. At 124p the yield is 5.4 per cent. on a maximum dividend which compares with around 4.4 per cent in the stores sector.

INDEX TO COMPANY HIGHLIGHTS

£0.6m. rise for Crest Nicholson

PRE-TAX profits of industrial and leisure group Crest Nicholson rose from £1.22m. to £1.82m. for the year to October 31, 1977, after £0.43m. against £0.41m. at half-time. The directors then said that with the improvements in trading outlook having taken place the increase in profits they were seeking for the 1976-77 year would be achieved.

Turnover for the year was ahead at £29.73m. compared with £24.1m., and the directors state that the current year has started well throughout the group and they foresee further substantial growth in the level of profits.

Stated earnings per 10p share are well up from 5.06p to 8.57p and the dividend is stepped up to 3.3284p (2.98p) with a 2.3284p net final. An additional 0.035p is also proposed for 1976-77 on the reduction in ACT. There was a write-down of investment in an associated company of £53,000 (£78,000) for the period.

The directors report that the property division achieved excellent results in the private housing market and accounted for about 50 per cent. of group profit. Upturn in demand increased markedly towards the end of the financial year, they say.

The industrial and leisure divisions produced doubled profits in excess of £1m. and have room for further improvement, they add.

The group has developed a management structure to enable the group to achieve substantial long-term growth, they state: "In 1977 we began to experience the benefits of this programme. This is most encouraging for our long-term prospects."

● comment

Crest Nicholson's housing division continues to recover with profits up some £200,000 to £900,000 despite an underlying dull trend in building. But this is only part of the story behind the latest 49 per cent. jump in profits, for the group's diversification into activities outside housebuilding now account for more than half its profits. The marine and leisure activities has made a significant recovery moving out of the red to produce £½m. pre-tax. Export demand for boats and an improvement in sales of sports surfaces (tennis courts and running tracks) have been instrumental in bringing the leisure side into the black, but margins are still relatively low. Elsewhere the industrial side, mainly pumps and generators, continues its steady progress. For the current year the housing division has got off to a reasonably good start and yacht sales are looking better at home. However, it will need growth all-round if the group is going to achieve the full recovery to £2.6m. pre-tax it is hoping for. The prospects make the shares look reasonable value at 75p where the yield is 7 per cent. and the p/e is 8.4.

Wades six months increase

AFTER A lower provision for unmatured profit of £68,000 against £142,000 household furnishers Wades Departmental Stores reports taxable profits up from £362,000 to £443,000 for the half year to October 31, 1977 on turnover, excluding VAT, ahead at £6.26m. compared with £5.58m. Profit for the 1976-77 year was down slightly from the record £885,332 to £872,841.

Directors say that there was a healthy advance in sales during November, December and January, but the full year's results will depend on the success of efforts to maintain this increase while at the same time containing ever-rising expenses.

Earnings per 20p share are shown as 3.722p against 3.041p and the interim dividend is lifted to 0.7p (0.6225p)—last year's final was 1.38p.

	Half year 1977 £000	1976 £000
*Turnover	6,263	5,577
Trading profit	511	504
†Provision	68	142
Pre-tax profit	443	362
Tax	230	188
Net profit	213	174

* Excluding VAT. † For unmatured profit.

PHOENIX CUTS RATES

PHOENIX ASSURANCE is reducing its premium rates on whole life non-profits and convertible term assurance contracts by up to 6½ per cent. Under the new scale, the yearly cost of a whole life non-profit policy, where the sum assured is paid on death only, for a man aged 45 is now £1.72 per cent. for sums assured up to £50,000 and £1.66 per cent. for sums assured of £50,000 and above.

Premiums for convertible term assurances have been improved for all ages and all terms above five years. Now the annual premium for a man aged 45 for a ten-year cover for £50,000 will be £243.

These premium rate reductions consolidate the company as one of the leaders in these classes of business.

B. Wardle ahead 36% at £1.06m.

PRE-TAX profits for the year to November 27, 1977, at Bernard Wardle and Co. expanded by 36 per cent. from £778,000 to £1,056,000, despite a fall from £486,000 to £467,000 in the second half due to difficult trading conditions. Full year turnover increased by 17 per cent. to a peak of £18.64m.

With the reorganisation of the group structure and the important acquisition of the Armoride facilities, the directors say that the company faces the current year well placed to take advantage of even a minor upturn in direct consumer demand. Relatively small improvements in volume and product mix should quickly be reflected in higher profits, they add.

Tax took £208,000 (£95,000) and after an exchange loss of £19,000 (£53,000 gain), available profit was ahead from £729,000 to £822,000. Stated earnings are 4.38p (4.07p) per 10p share and a final dividend of 0.77p lifts the total for the year to 1.27p (1.1375p) net, absorbing £225,000 (£204,000). The amount retained was up by £88,000 at £594,000.

Comparative figures have been restated on the basis of the accounting policies which have been changed in respect of the treatment of deferred tax.

The group manufactures vinyl sheet and film, coated fabrics, plastic foams, and moulded and fabricated products.

● comment

Doubled first half profits at Bernard Wardle have been followed by only minimal growth in the second, a consequence of industrial action in the automobile industry which accounts for almost half of group sales. Nevertheless full year profits show a 36 per cent. rise. While sales—17 per cent. higher—reflect no volume growth, margins are a point better following cutbacks on unprofitable lines (such as coated fabrics), a reduction in overheads and trimming of the labour force by about 10 per cent. However, with little evidence of any substantial recovery in the national economy, Wardle's growth prospects must lie with its acquisition of Armoride, which extends the company's activities in PVC sheeting and vinyl leathercloth and increases manufacturing capacity by 50 per cent. Armoride will start contributing to profits from February and give Wardle about a quarter of the U.K.-produced vinyl sheeting market with annual sales of £40m. It will also enable the company to further penetrate the growing packaging and stationery market, which last year accounted for almost a quarter of group sales. At 20½p, the shares are on a p/e of 4.4, while the yield is 9.6 per cent.

£2.6m. from Drake & Scull

AFTER A LOSS of £4.37m. for 1974-75 and pre-tax profits of £879,000 for 1975-76, electrical, mechanical and construction engineers, Drake and Scull Holdings achieved a record pre-tax surplus of £2.62m. for the year to October 31, 1977, on turnover of £54.00m. against £49.54m.

At the half-way stage the pre-tax figure was £529,000 compared with £17,000.

In January, Mr. Michael Abbott, the chairman, said that full-year profits were not less than £2m.

The directors now say that the full accounts will show that the group has also achieved a considerable improvement in liquidity. Cash balances at the year-end amounted to some £2.5m., an improvement of some 50 per cent.

No dividend is to be recommended on the Ordinary shares for the year, but it is hoped that payments may be resumed in the current year at the time of the interim figures.

The group is pursuing its proceedings against Tarmac in the absence of that company's payment of a further instalment due on September 1, 1977, for the purchase of Holland, Hannen & Cubitts.

Tarmac has indicated that it will be counter-claiming for alleged breach of warranties under the sale agreement, but its counter-claim has not yet been served.

However, the Board is satisfied that money is still due to Drake and Scull from Tarmac and that the provisions made in the 1976 accounts are fully adequate in respect of amounts receivable from the sale of Cubitts totalling £2.2m.

General Cons. Trust improves

TAXABLE REVENUE of General Consolidated Investment Trust climbed from £900,943 to £1,171,228 in 1977. Gross revenue was £1.4m. compared with £1.19m previously.

After tax of £431,776 (£364,273) net revenue emerges at £740,452 compared with £605,672.

A final dividend of 2.55p against 2.1p net per 25p share is recommended, taking the total payout to 3.75p compared with 3.1p last time. Ordinary dividends will absorb £692,703 (£567,498) leaving retained revenue at £34,099 (£25,326).

Net asset value per share is given at 105p (87.8p), and fully diluted at 104.5p (87.5p).

Record £133,864 for Arden & Cobden

A second half jump from £46,742 to £100,064 enabled Arden and Cobden Hotels to achieve record taxable profits of £133,864 for 1977 against £76,342 last time, on turnover of £876,000 compared with £683,943.

Stated earnings are more than doubled from 3.83p to 8.43p per 50p share and the net dividend is increased from 2.78p to 3.1p.

NEW FINANCE COMPANY

The new company set up by Peugeot-Citroen and Mercantile Credit will offer credit facilities to British buyers of Peugeot vehicles only.

Yesterday's reports inadvertently stated that facilities would be offered on Peugeot and Citroen vehicles.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Arden and Cobden	3.1	—	2.78	3.1	2.78
W. Canning	2.03	—	2.72	3.53	3.16
Crest Nicholson	2.33‡	—	2.28	3.36	2.98
Gen. Consolidated Trust	2.55	April 7	2.1	3.75	3.1
J. Haggas int.	0.2	April 6	0.2*	—	0.67*
J. C. E. S. int.	Nil	—	0.45	—	0.45
D. Macpherson	1.69	April 6	1.5	2.64	2.36
Meat Trade Suppliers int.	3.3	March 31	3.25	—	7.21
MFI Furniture int.	1.98	April 4	1.56	—	3.94
Palmerston Trust int.	0.56	March 31	0.53	—	1.57
Thermal Syndicate	3.7	—	3.5	6.7	6
Wades Stores int.	0.7	March 23	0.62	—	2
B. Wardle	0.77	April 14	0.7	1.27	1.14
Joseph Webb int.	0.13	April 24	0.13*	—	0.48*

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ 0.035p additional dividend for 1976-77.

Acquisition boost for Macpherson

MANUFACTURERS OF paint and other surface coatings Donald Macpherson Group reports taxable profits advanced from £2.76m. to a record £3.05m. for the year to October 30, 1977, on higher sales of £55.73m. against £40.08m. At midway, the surplus was ahead £0.25m. at £1.37m.

The directors state that they will be disappointed if current year results do not show a continued increase in profits and earnings per share.

Full year figures include for the first time, results of Unerman Holdings, which contributed profits of £935,000 from £10.5m. sales.

Stated group earnings per 25p share are 9.8p (9.6p) basic and 9.3p (9.1p) fully diluted. A final dividend of 1.69158p raises the total to 2.63538p (2.3595p) net, costing £376,000 (£313,000).

The profit contribution of the overseas companies showed a further solid increase in excess of 20 per cent. and still represents some 25 per cent. of group profits, say the directors.

In the U.K. the general economic climate and market conditions in specific sectors created a difficult trading environment for the paint and surface coatings operations — sales overall increased by 14.8 per cent. but trading profit was down by 6 per cent. These figures do, however, reflect widely divergent results within the divisions, the directors add.

They report that the industrial division, accounting for over 50 per cent. of the group's U.K. coatings sales, did well in maintaining its market shares and achieved worthwhile increases in sales and profit.

However, in the decorative paints division, the depressed levels of demand for retail and building paints led to a reduction in volume output with the resultant effects on profitability.

The directors say that reserves have been credited with the surplus arising from the quinquennial U.K. revaluation of freehold and long leasehold land and buildings and with the surplus arising on a similar revaluation in an overseas subsidiary. Both the revaluations incorporated are on an existing use basis resulting in a net total of £1.49m., being credited direct to reserves.

	1976-77 £000	1975-76 £000
Sales	55,728	40,084
U.K.	45,066	31,815
Exports	2,961	1,530
Overseas	7,881	6,739
Trading profit	4,500	3,281
Depreciation	613	364
Interest	837	161
Profit before tax	3,050	2,756
Taxation	1,680	1,509
Net profit	1,370	1,247
Minority interests	9	9
Extraord. debits	138	915
Attributable	1,223	323
Dividends	376	313
To reserves	857	10

● comment

The acquisition of Unerman, the furniture hardware suppliers, is the key to Macpherson's profit increase. Net of financing charges of around £400,000 it contributed about £½m. to pre-tax profits, as well as adding £1m. to export sales. This was a real boon at a time when the home market for paints, particularly in the second half, was obviously difficult. Decorative paints, furniture varnishes and domestic appliance coatings were all markedly weakening from about July onwards so the market was not looking for strong results from Macpherson, and the shares were marked up 2½p to 59p after the announcement. At this level they stand on a p/e of 6.2, and yield 7 per cent. The price could be on the low side as Cover Plug has already had a strong January promotion which has run Woolworth's stocks right down, and building trade paints are picking up in line with the industry, while the worst part of the furniture recession is probably past. In addition there could be more advances as Unerman is fully linked to Macpherson's outlets. So £3.5m. pre-tax looks in sight this year.

J.C.E.G. first half loss

Following a downturn from a profit of £98,088 to a loss of £47,004 for the 1976-77 year, construction group J.C.E.G. reports a loss of £32,083 for the six months to September 30, 1977, compared with a profit of £49,185. Turnover was down from £1.41m. to £1.34m.

There is no interim dividend, against 0.45p last time, and directors say that a final dividend will be reviewed when full year's results are known. There was no final last year.

The directors state that October 1977 saw the beginning of a better trend in home sales, followed by some improvement in exports.

The changeover to new dumper models and the phasing out of the old ones was also completed during the period. The new models are now in production and are being well received, they add. These factors, they say, coupled with economies, should result in an improved performance during the second half of the year.

There was a tax credit for the six months of £12,255 (£25,750 charge) reducing the loss to £19,828 (£23,435 profit). There were no extraordinary items this time, compared with a credit of £8,148 last time.

BIT scheme goes through

The schemes concerning the realisation for cash of the 6¼ per cent. Convertible Debenture stock 1993 and 7¼ per cent. Convertible Debenture stock 1996 of British Investment Trust have been approved.

As a result the stocks have been converted into New Ordinary 25p shares of BIT at the rate of one for each £1 nominal stock. All the New Ordinary shares will be acquired by Black Diamonds Pensions, a company wholly-owned by the National Coal Board Pension Funds, on the basis of the higher of either 165p cash or the formula value in cash for each share.

The formula value will be calculated as at the close of business on February 18 by Thomson McLintock, chartered accountants in the manner specified in documents despatched on January 18 to holders of the 6¼ per cent. and 7¼ per cent. stocks.

Cheques for the cash considerations will be forwarded not later than March 8.

Following the implementation of the schemes, BDP will own 82.5 per cent. of the Ordinary capital of BIT. The offers on behalf of BDP for the 6¼ per cent. and 7¼ per cent. stocks which accompanied the Schemes and which were conditional on the Schemes not becoming effective have lapsed.

The offer by BDP for the 3.675 per cent. Preference stock of BIT which was declared unconditional on December 12, has been accepted in respect of £1,668,635 nominal of stock, representing 79.46 per cent. of Preference stock. The offer will remain open until February 27.

RELIABLE PROPS.

A profit of £129,180 was achieved by Reliable Properties for the year to June 30, 1977 compared with a loss of £20,172 last time, after a nil tax charge (same). Again there is no dividend—the last payments totalled 1.5075p net per 25p share for 1973/74.

ISSUE NEWS

Lazard Sterling Reserve Fund

The prospectus is published to-day in connection with the introduction to the Stock Exchange of Lazard Brothers Sterling Reserve Fund's 1.7m. Participating Redeemable Preference Shares of 1p.

The Fund was incorporated, with limited liability, in Jersey on October 21, 1976 and is resident for exchange control purposes in the Scheduled Territories. It operates in a similar fashion to unit trusts, in that each week it may issue and redeem Participating Redeemable Preference Shares of 1p each at prices based on their underlying asset value.

On February 8 this year the price at which Participating Shares could be redeemed was £11.18 (ex dividend) and the Fund had a net asset value of £19.44m.

It is intended that in each year, substantially the whole of the net income of the fund—which is aimed at investors who require a high degree of capital protection combined with a reasonable return and ready availability of funds—should be distributed to Participating Shareholders by way of an annual dividend. This would normally result in a dividend yield of approximately ½ per cent. to ¾ per cent.

Between November 30, 1976, and December 28, last year, the price of Participating shares rose from an initial offer price of £10 to a redemption price of £11.11. It is proposed to pay a dividend of 2.7p for that period giving a total annualised rate of return of [illegible] per cent.

Lazard says that the average rate of return on the current portfolio is lower than that experienced in the greater part of the previous period (up to December 28) reflecting the general fall in U.K. interest rates.

The company adds that if interest rates remain at the present levels the current rate of return for the period up to December 27, 1978, would be approximately 5.6 per cent.

EPICURE QUOTE

Epicure Holdings shares returned to the Stock Market yesterday, after its reverse take-over of its former parent company Sieg Holdings. The share price opened at 11½p, rose to 1[illegible] before slipping back to close at 10½p.

On the closing price and forecast dividend the shares yield 4.6 per cent.

Yearlings slip to 7⅞%

After rising a full point in a fortnight, the coupon rate on this week's local authority yearling bonds slipped ⅛ per cent. to 7⅞ per cent. The bonds are issued at par and due on February 21, 1979.

This week's issues are: City of Aberdeen District Council (£½m.), Great Yarmouth Borough Council (£½m.), Redditch District Council (£½m.), West Yorkshire Metropolitan County Council (£2m.), City of Glasgow District Council (£2m.), Oxford City Council (£1m.), Meirionnydd District Council (£½m.), Trafford Borough Council (£1m.), Cambridge City Council (£½m.), Borough of Poole (£½m.), Borough of Sunderland (£1m.), Wokingham District Council (£½m.), Middlesbrough Borough Council (£½m.), Spelthorne Borough Council (£½m.), Warrington Borough Council (£1m.) and City of Salford (£½m.).

Two-year bonds carrying a coupon of 9 per cent. at par, and due on February 15, 1980, are issued by Thanet District Council (£½m.) and Cleveland County Council (£1m.).

Ettrick and Lauderdale District Council has raised £½m. through the issue of 10¾ per cent. bonds due on February 9, 1983, issued at par.

Bolton Metropolitan Borough Council has issued a five-year variable rate bond at par and due on February 9, 1983. Interest will be ⅞ of a point above LIBOR with the first half-year payment due August 15 at the rate of [illegible] per cent.

JAMES NEILL

The rights issue by James Neill Holdings has been accepted in respect of 4,016,033 Ordinary shares, representing 89.6 per cent. of the issue. The balance has been sold for the benefit of the entitled shareholders.

Following the issue, Equity Capital for Industry holds an [illegible] per cent. stake in the company.

Midterm slip at J. Webb

Pre-tax profits for the six months to September 30, 1977 of Joseph Webb and Co. fell from £287,638 to £237,763 but the directors say that full year profits will not be less than the £400,984 for 1976-77.

First half earnings are shown to be down from 0.8p to 0.7p per 5p share. The interim dividend is 0.1313p (equivalent 0.13125p) net. Last year's total was equal to 0.48185p after the one-for-one scrip issue.

	Six months 1977 £	1976 £
Group turnover	1,454,045	1,344,120
Trading profit	425,361	430,896
Holidays	333,369	336,179
Property inv.	48,045	47,344
Estate dev.	44,127	48,583
Interest and expenses	187,798	162,948
Profit before tax	237,763	267,638
Tax	123,637	149,572
Net profit	114,126	138,066
Pref dividend	6,563	6,563
Interim Ord.	20,691	20,673

Trading profits of the holidays and leisure division were lower even though bookings for the 1977 holiday season were at a reasonably good level. The effect of domestic inflation on family spending is reflected in the level of profits, say the directors. As anticipated the two new sites at New Quay which were operating during the season did not contribute materially to profits.

Full year results from the holiday and leisure interests are largely known and one half is included in the interim figures.

In addition certain negotiations in estate development are well in hand and if as expected these negotiations mature before the end of the year a material increase in group profits will result.

The current level of 1978 marine bookings for the 1978 holiday season shows an improvement on those for 1977. The increased capacity brought about in the new subsidiary, Parkdean Caravan Holidays by recent acquisition at Dawlish and Paignton (Torbay) should lay the foundations for a further move forward in group profits, members are told.

NOTICE OF REDEMPTION

to the holders of Debentures payable in American Currency

of the issue designated

9% Sinking Fund Debentures due April 1, 1982

(herein called "Debentures") of the

CITY OF QUEBEC, CANADA

Public Notice is Hereby Given that the City of Quebec intends to and will redeem for SINKING FUND PURPOSES on April 1, 1978, pursuant to the provisions of the Debentures, the following Debentures as indicated, of the above-mentioned issue, at 100% of principal amount plus accrued interest to the redemption date, namely:

5	649	1271	1885	2516	3150	3761	4376	5015	5648	6265	6899	7518	8140	8767	9391
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Debentures to be so redeemed will become due and payable and will be paid in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts in said United States of America, at the office of the Payee Agent, Bank of Montreal Trust Company in the Borough of Manhattan, City and State of New York, United States of America or at any of the offices of the following Paying Agencies: Bank of Montreal (Main Office) in the City of Quebec, Canada, Schroder Trust Company in New York, J. Henry Schroder Wagg & Co. Limited in London, England, Banque de Suez et de l'Union des Mines in Paris, France, Kredietbank N.V. in Brussels, Belgium, B. Metzler seel. Sohn & Co. in Frankfurt, Federal Republic of Germany and Kredietbank S.A. Luxembourgeoise in Luxembourg, Grand Duchy of Luxembourg, upon presentation and surrender of Debentures bearing the above numbers with all coupons maturing after April 1, 1978 attached.

From and after April 1, 1978, interest on the Debentures to be so redeemed will cease and interest coupons maturing subsequent to that date will be void.

NICHOLAS GUAY, Treasurer

DATED AT QUEBEC
THIS 15th DAY OF FEBRUARY, 1978

Member, FDIC

A group of Morgan's internationally based Financial Services specialists at a meeting in New York. Clockwise from left, John Sands, New York, head of the department; Lucile de Baudry d'Asson and Guido Cefalu, Paris; Frank Beelitz and Gianni Ragazzi, Frankfurt. Marc Varangot, São Paulo; Michael Allen, London. Keith McDermott, London and the Middle East.

For comprehensive advice on mergers, acquisitions, divestitures, talk with Morgan Guaranty's international experts

At Morgan Guaranty, there is a large, international department assisting corporations all over the world with mergers, acquisitions, joint ventures, and divestitures. The specialists in this Financial Services group work with companies in a wide range of industries. They may be able to help your company to expand, or to sell off an incompatible division.

Corporate moves like these entail a complicated series of financial decisions. Morgan can help you throughout the process. We can help you identify and weigh the capital, ownership, and tax implications of a transaction. We can help set criteria for potential partners or purchasers and, because of our extensive activity in the field, establish a list of candidates. We can advise you on the value of a deal, recommend how to finance it, and analyse the probable impact of the transaction on your future financial picture. If you get recommendations from marketing and technical consultants, we can help you fit their findings into your financial evaluation.

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Besides our headquarters in New York, Financial Services specialists are based at our offices in Paris, London, Frankfurt, São Paulo, and Tokyo, and work closely with our affiliates in Madrid, Amsterdam, Singapore, and Jakarta. For more information on how these experts can help you anywhere in the world, contact Michael Allen or Keith McDermott, vice presidents, Financial Services, 49 Berkeley Square, London, W1X 5DB—or enquire at any Morgan Guaranty office.

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Morgan Guaranty - the corporate bank

Ravensdown

FIVE YEARS OF SUSTAINED GROWTH....BUILT ON BETTER SERVICE TO INDUSTRY'S BUYERS.

L.G.B. Halliwell,
Chairman of the Ravensdown Group.

"The growth of the Ravensdown Group–sustained in a year when the steel industry has been suffering from a serious recession–is powered by one simple idea: service to the industrial buyer.

Stainless steel and aluminium stockholding are the heart of our business. The stockholding division has maintained its growth programme and is being expanded by the formation of new strategically located companies: RDM Metals (Anglia) and RDM Metals (South Western).

Our planned diversification programme is built round our stainless steel and aluminium expertise. The thriving Engineering Division, whose formation I announced last year, has made a full contribution to the Group's welfare. In addition to stainless steel fabrication, architectural aluminium, store fitting and swimming pool equipment we have now increased our range of engineering services. The division is doing some substantial export business in the Middle East and elsewhere. The newly formed Transport Division has been created to offer, not only delivery but the leasing and hire of commercial and private vehicles.

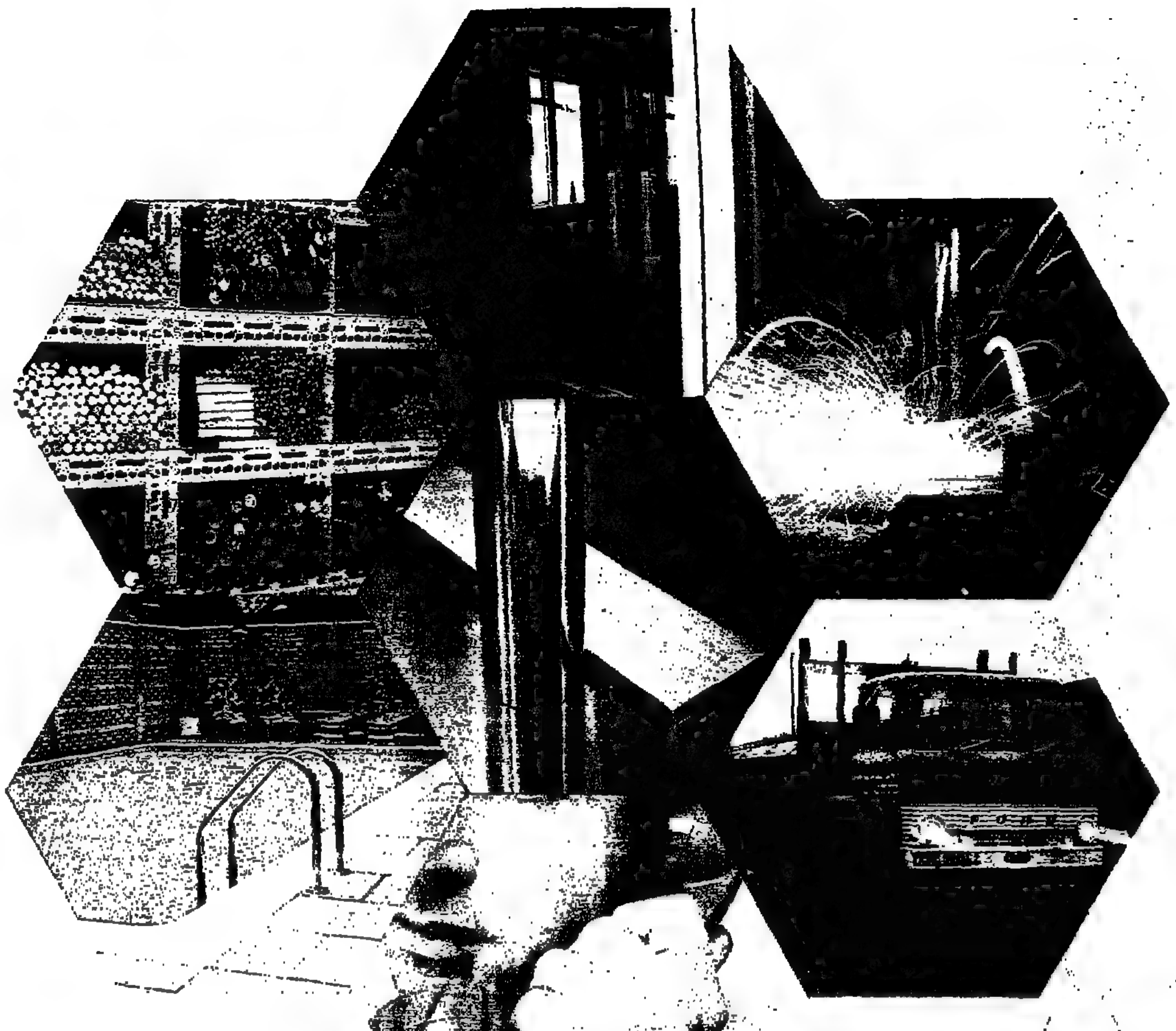
We are proud, again this year, to be sponsoring the Ravensdown 'Buyer of the Year' Competition. Its theme 'Buying for Growth' is designed to highlight the role that efficient buying can play in the resurgence of British Industry.

There are two reasons why I know the Ravensdown Group will continue to grow in 1978. Our goals are clearly defined. We want to offer a comprehensive service to anyone who purchases stainless steel or aluminium in any form for the engineering and manufacturing sectors. Furthermore we think we have some understanding of the dynamics of corporate growth. We've grown bigger by staying small. Each company benefits from the financial underpinning of a substantial group without incurring the expenses and perils of 'big company-itis'.

We owe our success to the directors, executives and staff of the operating companies and on behalf of the Board I would like to say thank-you to them.

I would also like to thank our customers for their business and support of the past years. We hope to serve you well in 1978."

L.G.B. Halliwell. The Chairman.



THE STOCKHOLDING DIVISION

The RDM Metals companies have become the fastest growing stockholders in the competitive field of stainless steel and aluminium for good reasons. Their strength is people. High calibre metal professionals are trained to meet your requirements on large orders or small, standard or non-standard items with an extensive range of on-the-spot stocks backed up by bulk tonnages in both metals.

Energy, efficiency, expertise: that's how the RDM Metals Companies live up to their name as the customer *service specialists in stainless steel* and aluminium.

RDM Metals Ltd.
RDM Metal Services Ltd.
RDM Metals (Anglia) Ltd.
RDM Metals (East Midlands) Ltd.
RDM Metals (Hampshire) Ltd.
RDM Metals (London) Ltd.

THE TRANSPORT DIVISION

A fast responsive door-to-door service in the delivery of metal and *general freight is* where Ravensdown Freight Services score. The Blue Streak Service means efficiency all round: load schedules that are tailor-made to suit the pulse of your business and a commitment to ensuring that you meet your delivery deadlines. Coupled with this is a comprehensive service in the hire and leasing of both private and commercial vehicles.

Ravensdown Freight Services Ltd.

THE FIVE SECOND CHALLENGE

Telephone speed and courtesy is one small way we live up to our promise of service. No switchboard delays, no sleepy secretaries...within five seconds of dialling the number of any of the Ravensdown Group companies, you will be talking business to an expert in the field whose know-how is free to you. Accept our challenge now and ring us now if you have a requirement.

STOCKHOLDING DIVISION

UK Major Users: RDM Metals Ltd.
Contact L. Skinner 01-578 1103
Birmingham: RDM Metal Services Ltd.
Contact D. Quinn 021-622 3525
Anglia: RDM Metals (Anglia) Ltd.
Contact R. Greygoose 01-575 2636
Derby: *RDM Metals (East Midlands) Ltd.*
Contact R. Bennett 0332-364531
Southampton: RDM Metals (Hampshire) Ltd.
Contact D. Halliwell 04216-7701
London: RDM Metals (London) Ltd.
Contact I. Maclean 01-578 0957

TRANSPORT DIVISION.
RAVENSDOWN FREIGHT SERVICES LTD.
Contact R. Ward 01-578 0017

ENGINEERING DIVISION

The British Bumper Company Ltd.
Contact P. Anstev 01-965 3500
Custom Made Developments Ltd.
Contact M. Trevett 02013-79401

THE ENGINEERING DIVISION

The Ravensdown Engineering Division can offer a wide range of services and manufacturing processes related to both stainless steel and aluminium. Blue Streak Service assures you of a top-quality job that's designed to meet your precise requirements and on-time delivery.

In the area of stainless steel fabrication and metal finishing the British Bumper Company have *extensive experience in the manufacture* of balustrading, barrier rails, hand rails, and store fitments and offer services in bar and tube *polishing and welding. They serve* the retail, catering and architectural sectors.

Swimming pool equipment demands an equal quality of workmanship and product design to take full advantage of the aesthetic appeal of stainless steel. British Bumper are producing fine fitments for domestic, municipal, hotel and hydro-therapy pools for the UK and export markets.

In the field of architectural aluminium, windows and patio doors, Custom Made Developments offer a comprehensive service through from quotation to installation, to architects specification, for contractors, builders and local authorities.

(Principal subsidiaries)
The British Bumper Company Ltd.
Custom Made Developments Ltd.

The Ravensdown Group
BUYING FOR GROWTH
BUYER OF THE YEAR '78

EFFICIENT BUYING IS VIT[AL] FOR THE GROWTH OF BRITISH INDUSTRY.

All too often the role of the buyer in industry is neglected by economists, by the Government by senior management. In fact efficient and imaginative purcha[sing] does a substantial amount to ens[ure] that delivery deadlines are met, costs are controlled and that the resources are available for production growth to take place.

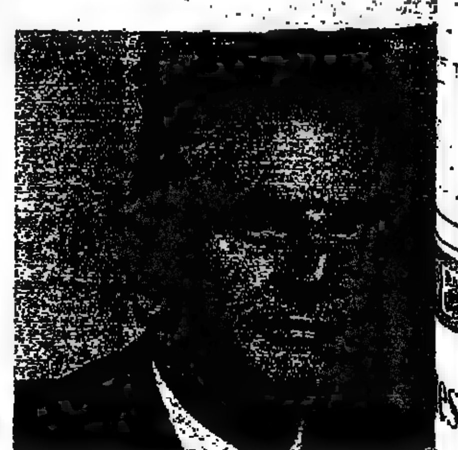
That's why the Ravensdown Group is pleased to be sponsorin[g] again this year–jointly with Modern Purchasing–the 'Buyer of the Year' competition. The them[e] 'Buying for Growth' and the focu[s] will be on the purchasing skills th[at] are required in companies that a[re] planning a programme of contro[lled] growth.

ENTER NOW. £1500 IN PRIZES MUST BE WON.

AND IT'S OPEN TO EVERYO[NE] WHO BUYS ON BEHALF [OF] THEIR COMPANY.

The Ravensdown Buyer of the Year award is the only national competition that is open to all bu[yers]. You are eligible to enter, whatever your industry, your qualifications job title, however large or small y[our] company.

Put your buying skills to the te[st] with the twenty questions in the entry form. Write, telex or phone Mrs. Dobson of the Ravensdown Group (01-578 2277) for your fre[e] entry form and you could be on y[our] way to winning £1,000 and the 'Buyer of the Year' Trophy.



Last year in his speech presenti[ng] the prizes at the first Buyer of the award dinner, Sir Montague Fin[niston] F.R.S. Chairman of Sears Engin[eering] and former Chairman of the Brit[ish] Steel Corporation, made the poin[t] between 50% and 60% of the cost [of a] product is incurred in the purchas[e of] materials and stressed the importa[nce] of the buying function.

THE RAVENSDOWN GROUP
The Service to Industry People.

Rockware Avenue, Greenford, Middlesex, UB6 0AD.
Telephone: 01-578 2277. Group Telex Service: 935962.

هكذا من الأجل

[H]aggas ahead midway [a]nd sees peak year

[...] spinners John Haggas [t]axable profits up from [...]o £1.55m. for the half [...] December 31, 1977, on [£]10.33m., against £9.51m. [...] say they expect profits [f]ull year to again show [...]se—for the whole of the [y]ear a record of £3.31m. [...]ved.

[...]reased capital from a [...]e scrip issue the [d]ividend is unchanged [...]equivalent 0.2p net per [...]—last year's final was an [...]0.472p.

[...]ional analysis of sales [...]fits shows: Spinning [...](£5.26m.) and £0.65m. [...] knitting £1.85m. [a]nd £0.18m. (same); fur [...]2.44m. (£1.67m.) and [...](£0.18m.). Investment [w]as higher at £0.43m.

[...] spinning division the [...]l profits of the corres[p]eriod of last year have been attained directors short time working and export margins. While volume were slightly value was a record due [...]use of more expensive [...]ials, notably wool. In [...]nstances, the division [...] well, they say.

[...]very poor first quarter, [...]profits of the knitting [m]ade a marked recovery [...]s were similar to last [...] company is currently [...]machinery to double its [...]ing capacity and the [...]e expected to accrue in [...]quarter.

[...]ur fabric division both [...] profits were consider[...]r due to the additional [...] from the new factory. [...]conditions have been [d]irectors state and [...]as especially poor for [...] fabrics. However, in [...] the division was often [...]tched to meet the [...]

[...] though sales are not [...]he directors say the [...] improving, and they [...]ttle more optimistic. [...] been signs in recent [b]etter retail sales which [...] a trickle of orders for [...]

[...] do not expect the [...]he MFA agreement to make any difference either way to profits for the 1977-78 year. However, they say if the MFA agreement is strictly monitored, and the more optimistic forecasts of increases in consumer spending become fact, there could well be a rapid build up of demand for group products.

They remain of the opinion that long dated gilts are "a splendid investment," at the current yields, and the group's investment income continues to grow.

	Half year 1977 £000	1976 £000	Year 1976-77 £000
Sales	10,725	9,911	20,399
Depreciation	367	378	665
Profit before tax	1,551	1,487	3,307
Taxation	806	773	1,736
Net profit	745	714	1,381

● **comment**

Interim pre-tax profits at John Haggas are only marginally ahead, while sales show an 8 per cent. increase. The overall trend is in line with the performance during the first quarter, with some variation between the divisions. Spinning profits are down 15 per cent. while sales volume dropped slightly. The knitting division has recovered some of the first quarter drop and its contribution to profits is now virtually unchanged despite an almost 30 per cent. decline in sales. The highlight is the fur fabric division where sales and profits are around 60 per cent. up.

The company is still a committed investor in long dated gilts: it currently holds £13m. worth of these securities and earned investment income of £428,000 in the first six months. However, while profits for the year are forecast to increase the real interest will be in the effect of the M.F.A agreement on next year's figures. The shares fell 8p to 103p where the yield is around 1 per cent. The historic cover is 20 times.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims: Bank Bridge Group, Bozod-Pelepah, Dalgety, John James, Regional Properties, Reliance Knitwear, Stewart Plastics, United Real Property Trust.

Finals: Bath and Portland, Birmid Qualcast, Cornell Dresses, Foreign and Colonial Investment Trust, Renown Inc., Thomas Wigor, Yeoman Investment Trust.

FUTURE DATES

Interims—

Abercorn Investments	Feb 22
Gripperrods	Feb 20
Hunt and Moscrop (Middleton)	Mar 1
Mitchell Cotts Transport	Mar. 2
Orme Developments	Feb 20

Finals—

Braime (T. F. and J. H.)	Feb 26
Dixor	Feb. 16
Fisons	Mar 6
Marchwiel	Feb 20
Midland Bank	Mar 10
Plantation Holdings	Feb 22
Ratcliffs (Great Bridge)	Feb. 23
Ward Holdings	Feb. 17
West Coast and Texas Regional Investment Trust	Feb 21

Thermal Syndicate little changed with £1.7m.

SALES FOR the year to October 31, 1977 at Thermal Syndicate rose by 10.52 per cent to £9.84m, but pre-tax profits were little changed at £1.7m. against £1.69m. after falling from £0.61m. to £0.55m. in the first half.

After lower tax of £247,000 (£825,000) full year earnings are shown to be up from 16.24p to 27.25p per 25p share and the final dividend is 3.7p net for a maximum permitted total of 6.7p (6p).

The provision for deferred tax made in previous years is considered adequate to cover any tax payable due to a reversal of capital expenditure and stock relief in the foreseeable future. No further provision has been made therefore in the 1976-77 accounts.

	1976-77 £000	1975-76 £000
Turnover	9,841	8,904
Profit before tax†	1,695	1,689
Tax	247	825
Net profit	1,448	864
Pref dividends	1	1
Interim Ord.	170	1??
Recommended final	187	1??
Retained	1,091	544

† Including £569,845 (£340,224) on sale of know-how

Sir John Paget, the chairman, says the additional turnover was almost entirely attributable to exports where it was impossible to get price increases commensurate with the rate of U.K. inflation. This pressure on profitability was further exacerbated by increased competition overseas and the hardening pound, both of which also affected trading performances of the German and American subsidiaries.

The directors estimate that accounting for the effects of inflation would reduce the 1976-77 profit by £550,000.

In the parent company new processes and products are now coming on stream, and more are in the pipe line. These will help the attack on export markets wherein growth must lie says Sir John, and also give additional support to the overseas subsidiaries.

The new research and development block is now complete and occupied.

During the year extensions were made to the manufacturing area of Special Metals Fabrication and new equipment was installed. This enabled the company to consider taking orders for much larger items of plant for the chemical and associated markets than was previously possible, and last year it doubled its order intake. Beneficial results should become apparent in this and subsequent years. Sir John has no doubt of the profit potential of the company though, in the short term, it may suffer some growing pains.

The biggest opportunity for market expansion of Thermal American Fused Quartz lies in the U.S. though a large part must be based on increased manufacture in that country, states the chairman.

Last year a site in Georgetown, Delaware, was acquired and a factory built which is now occupied, partly by the transfer of a small optical component operation from Dallas, Pennsylvania.

Further processes and products are being transferred from Wallsend to both Delaware and New Jersey to enable the U.S. activity to expand its operation, and at the same time increase the outlets from U.K. factories in terms of semi-finished products, plant and equipment.

In spite of the rather flat state of the U.S. economy, the directors are confident that the two facilities will be fully and profitably utilised.

Despite the sluggish German and French economies Thermal Quarz-Schmelze achieved a modest trading profit, which was absorbed by the starting up costs incurred by a joint venture with a French company.

The German Democratic Republic contract for the sale of plant and know-how was completed on time and is satisfactorily meeting all technical requirements.

Group order intake at the beginning of the current year was slow but is currently improving.

The investments both in the U.K. and the U.S. have been funded out of cash flow and although the return on capital employed is down at 24.82 per cent., total net assets have increased by 17.46 per cent. to £6.83m. Overall the company is in a very strong financial position with good liquid resources and in spite of a large capital expenditure programme of £1.8m., the projected liquidity position remains healthy.

In view of the relatively large number of expansion schemes currently being undertaken in the U.K. and overseas, this year is likely to be one of consolidation in preparation for taking full advantage of improved market opportunities in the future. However, Sir John emphasises that the group operates in the field of high technology and the introduction of new plant and processes will take some time to realise their full profit contribution.

● **comment**

Thermal Syndicate's high cost, high technology, silica products sell almost entirely to industries operating in advanced economies—and, with so many of these industries and economies in recession, group pre-tax profits rose by less than 1 per cent last year. Trading profits fell 25 per cent—despite a 10 per cent. turnover increase, including some volume gains—as margins fell considerably in the face of stiff competition overseas. In the U.K., where the group claims to hold 75 per cent of the market for its products, trading has been very flat. Against this, profits from sales of group technology—benefiting in the past two years from a worthwhile East German contract—have risen 64 per cent. The balance-sheet remains very strong with interest received rising from £39,000 to £150,000 as cash balances peaked at around £1.5m. (£550,000). This may change in the current year with the group embarked on an expensive expansion programme which it hopes will enable it to increase market share as world trade recovers. Last year most of the sales growth came from increased exports, and, with the pound strengthening, trading prospects currently remain dull. The shares at 125p yield 8.4 per cent. The p/e is 4.4 with earnings increased 65 per cent. as a result of changes in group policy on taking deferred tax.

Drop at Meat Trade Suppliers

SUPPLIERS of sausage casings and butchers' equipment, Meat Trade Suppliers reports profits down from £200,629 to £165,275 for the six months to September 30, 1977 subject to tax of £95,670 against £84,498. Turnover came to £4.69m. compared with £4.46m.

The interim dividend is up from 3.25p to 3.3p net per 25p share. Mr. W. C. Anstis, the chairman, and others have waived dividends on 800,000 (910,000) shares. The final dividend for 1976-77 was 3.98p and pre-tax profits were a record £401,443.

The directors say the reduction in first half profit was due entirely to a lower contribution from the casing companies.

Porvair recovers to £0.21m.

On turnover ahead from £4.1m. to £6.21m. taxable profit of Porvair was £213,287 compared with a £777,000 loss previously. At halfway the company had turned round from a £352,000 loss to a £80,000 profit.

The result is before a tax credit of £4,712 (£380,000), and earnings per share are given at 12p per 25p share (2.1p loss). No dividend is to be paid.

The company makes microporous synthetic materials.

W. Canning advances by £0.3m. to reach £1.54m.

AFTER RISING from £605,000 to £751,000 in the first half, pre-tax profits of electrical and mechanical engineers, etc., W. Canning finished 1977 ahead from £1.24m. to £1.54m. Turnover expanded from £24.1m. to £30.27m.

With tax taking £378,000, compared with only £86,000, earnings are shown to be slightly lower at 10.78p (10.91p) per 25p share. The final dividend is 2.026p net for a maximum permitted 3.326p (3.157p) total.

	1977 £000	1976 £000
Turnover	30,273	24,099
Interest	122	36
Pre-tax profit	1,542	1,244
Taxation	378	86
Extraord. debit	195	1?2
Attributable	969	1,210

† Credit

The directors say they are confident that results for 1978 will continue to be satisfactory.

Members are told that overall, 1977 was a satisfactory year with progress made both in the development of the company's products and in new markets. The company has only provided for tax which is regarded as being payable in the foreseeable future, in accordance with the proposed accounting standard.

The level of U.K. industrial activity was disappointing showing only a slight increase. In export markets the world trade recession resulted in strong competition and some erosion of profit margins.

The group was able to consolidate on the result achieved by its materials activity in 1976 and although in certain product areas such as the distribution of metals and in particular nickel, which suffers from a world surplus at present, it has faced severe price competition, it has managed to hold its own. The new computer stock controlled warehouse which will become progressively on stream during 1978 should result in further improvements both in service to customers and in profitability.

The engineering activities had a good year. Many customers can no longer forego plant and equipment replacement schemes, which has resulted in a substantial work programme for the group's factories.

Profitability in export markets, although affected by the hardening value of sterling, has improved due to the obtaining of substantial orders against strong international competition.

During the year two new subsidiaries were formed in France and West Germany. The start up cost amounting to £77,000 has been charged against trading profits for 1976-77. Although these operation will incur further costs in 1977-78 the directors believe that in the long term they will make a significant contribution to group profitability.

During the year the company acquired 27.87 per cent. of the equity in Halma. The market value of this investment at February 10 was £829,080 which was £274,937 in excess of the cost price.

In December, 1977, the company purchased the equity share capital in Copal Foundries of West Bromwich. As Copal was not acquired until December it has not contributed to 1976-77 profits, but the directors have written off in the 1976-77 year as an extraordinary loss the goodwill arising on purchase. They are sure that Copal will provide a significant contribution in the future.

The group enters 1977-78 with some reservations due to the industrial problems which are besetting the country and the effects that a strong sterling exchange rate is having on export markets. In the absence of any unforeseen circumstances, however, the directors are confident that the results for 1977-78 will continue to be satisfactory.

Lookers expecting higher profit

ANOTHER SUCCESSFUL year and benefit from the forecast enlarged vehicle markets is foreseen at Lookers, by Mr. R. E. Tongue, the chairman.

He tells members that, including the profit earned by Platts, acquired in 1977, present management accounts indicate profit for 1977-78 in excess of the record achieved last year.

The company continues to grow in strength and should continue to prosper through its expertise and further improvements to facilities and systems, he says. The directors are continually examining possibilities for further expansion and a limited diversification of its activities.

The "long drawn-out saga" of the Hardman Street property has now ended by the letting of the property on terms considered to be the best obtainable, Mr Tongue says. A small part of the property still remains to be let.

Further improvements and extensions to parts and service operations are being carried out at some sites during the current year.

It was to a great extent due to the improved performance by parts and services that taxable profit for the year to September 30, 1977, expanded to £1.44m. (£1.16m.). Sales for the year jumped to £48.26m. (£31.82m.)—as reported on January 19.

The net dividend is lifted to 2.4572p (2.2212p) and the chairman is confident that the dividend for 1977-78 can again be increased.

At year end net liquid funds were down £1.31m. (£88,826) with bank overdrafts up at £2.86m (£1.55m.). Future capital spending totalled £124,974 (£18,075) of which £28,381 (£5,575) had been authorised but not contracted.

P. Platts and Sons and Platts Agricultural Machinery Exports which were purchased for £945,000—£707,300 of it in cash—in March, 1977, made a satisfactory contribution to group profit and the integration of its business within the group is proceeding well.

During the year the company also acquired further shares in its associate Autoferry Services and at September 30, 1977, held 49.9 per cent.

From the introduction of counter inflation legislation in April, 1973, to September 30, last, the company had earned £650,000 above the permitted levels. However the directors say if the company took advantage of stock relief provisions no possible future liability would remain.

Meeting, Manchester, on March 8 at noon.

[MO]NEY MARKET

[Int]erest rates rise

[Bank of] England Minimum [Lending] Rate 6½ per cent. [(since] January 6, 1978)

[...] of nerves which [...]ondon money market [...] part of last week [...]t again yesterday, [...]blication of the U.K. [...]s for January. The [...]se in the trade deficit [i]nterest rates, leaving [...]ses buying rates for [...] Treasury bills [...]e the trigger point [...]n Bank of England Minimum Lending Rate. This was probably no more than a defensive reaction, however, reflecting the reluctance to purchase bills in the present uncertain conditions. The labour situation still gives rise to some concern, while the market also awaits publication of the money supply figures to-morrow with more than academic interest.

The rise in fixed period rates was also a reflection of the strong competition for overnight funds. Discount houses paid 6-6½ per cent. for day-to-day money at the start, and closing balances were taken at 5½-6 per cent. In the interbank market overnight rates touched 9-9½ per cent. around lunch time, and showed frequent fluctuations, before closing at around 7 per cent.

Large assistance was given by the authorities, through purchases of Treasury bills from the houses. Banks brought forward heavily run-down balances, and a small rise in the note circulation was also against the market. There were no significant offsetting factors.

Rates in the table are nominal in some cases.

Sterling Certificate of deposits	Interbank	Local Authority deposits	Local Auth negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
—	5-9½	—	—	—	6¾	5½-6½	—	—	—
—	—	6-6¼	—	—	—	—	—	—	—
—	6-6¾	6½-6¼	—	6¼-6¾	6¾	5½-6⅛	—	—	—
6⅞-6¾	6⅞-6¾	6⅞	6⅝-6⅜	6½-6¾	6½	5⅞	6⅛-6	6⅛-6¼	6¾-7
6¾-6½	6½-7	—	7⅛-6⅝	6¾-7	—	6	6	6⅜-6⅛	6¾-7
7-6¾	6¾-7⅛	6⅝-6⅞	7⅛-7⅛	6⅞-7⅛	7⅛	6⅛-6¼	6⅛-6⅜	6⅛-6⅜	6¾-7
7⅝-7⅜	7⅛-7⅜	7⅛-7½	7½-6⅝	7½-8	—	—	—	7-7⅛	7-7⅛
7⅞-7⅝	7⅜-8¼	—	8¼-7⅞	8¼	—	—	—	—	—
8¼-7⅝	7⅞-8½	7⅞-8	8½-7⅞	8½	—	—	—	—	—
—	—	8⅞-9	—	—	—	—	—	—	—

[...]ties and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage [...]hree years 10-10¼ per cent.; four years 10¼ per cent.; five years 10¼ per cent. ♦ Bank bill rates in table are [...] prime paper. Buying rates for four-month bank bills 6⅛-6¼ per cent.; four-month trade bills 7 per cent. [...] selling rate for one-month Treasury bills 5⅞ per cent.; two-month 5⅞ per cent., and three-month 5⅞-5⅞ [...] selling rate for one-month bank bill 6 per cent.; two-month 6⅛-6¼ per cent., and three-month [...] One-month trade bills 6¾-6⅞ per cent.; two-month 6¾-6⅞ per cent.; and also three-month 6⅞-6⅞ per cent. [Finance Hou]se Base Rates (published by the Finance Houses Association): 7 per cent. from February 1, 1978. Clearing [Bank Deposit R]ates for small sums at seven days' notice 3 per cent. Clearing Bank Rates for lending 6½ per cent. [Treasury Bills:] Average tender rates of discount 5.9449 per cent.

BIDS AND DEALS

Wigfall defiance supported by 45% of holders

Over 45 per cent of the shareholders of television rental company, **Henry Wigfall**, are opposed to the £12.5m. bid from **Comet Radiovision**, it was revealed yesterday.

Details of the strong opposition which Wigfall's Board has marshalled come in the rejection *document sent to shareholders* yesterday. It was supported by a forecast of profits of £1.2m. for the year to April—not withstanding a first-half loss of £353,000—and a promise of a 35 per cent. *increase in the dividend this year* plus a further 80 per cent. next year.

The news brought a 12p drop in Wigfall's share price to 264p but this leaves it still comfortably ahead of the value of Comet's cash and share offer of 245p.

Wigfall's directors have won auditors' approval of the profit forecast, which compares with £1.09m. *last year*. It attributes the turnround from half-time losses to the benefits of getting out of the mail order business in 1976 (which left it with £2.3m. to invest in buying Lloyds Retailers thus increasing the number of outlets from 98 to 163), plus rationalisation and cost reduction.

The Board is now looking forward to a period of increased consumer spending but has stopped short of a definite forecast of profits for the 1978-79 year.

Nevertheless, it is promising *that dividends for next year will* rise to 13.5p "subject to unforeseen circumstances," after an increase from 4.84p to 7.5p this year. Because there will be no tax liability this year (apart from ACT on the dividends) the earnings per share are estimated at 19p based on the profit forecast.

The Board controls 45 per cent. of Wigfall's shares together with family and associated interests and these have thrown their support behind the rejection already. The document is therefore aimed at the remaining shareholders *who are reminded that although* Comet's offer represents a generous p/e of 22 on fully taxed earnings (or just under 13 on the earnings forecast), the real issue at stake is assets.

Wigfall claims that the market price of its shares is fully supported by net tangible assets while Comet's net tangible assets amount to only 15p per share compared with a market price yesterday of 112p. "Furthermore," the document claims, "the enlarged Comet Group would have borrowings of over £20m.," against net assets of £3.09m.

Aurora buys more Osborn

Aurora Holdings, the Sheffield engineering group which last week acquired a 24 per cent. "strategic investment" stake in fellow Sheffield steel makers, **Samuel Osborn**, has been topping up its holding. It now stands within 0.011 per cent. of a compulsory bid.

Only last Thursday Mr. Robert Atkinson, Aurora's chairman, announced that the company had bought Johnson Firth Brown's *19.1 per cent. stake in Osborn* plus a further 3 per cent. through the market. The deal was claimed to be an investment with Mr. Atkinson saying that he had no plans for a bid but wanted to establish a good working relationship with Osborn.

Since then Aurora has picked up nearly another 6 per cent. of the shares giving it a total holding of 29.989 per cent. At yesterday's market price of 82p (unchanged on the day) the latest purchase must have cost over £1m. This compares with the share deal by which Aurora *acquired JFB's stake and which* put a value of 76p on Osborn's shares.

Since last Thursday's move the market has been unanimous in believing that Aurora would not be content with holding a 24 per cent. stake in a similar sized company in the same field. However, Mr. Atkinson's first move was thought likely to be an *application for a seat on Osborn's* Board in order that Osborn's profits could be consolidated in Aurora's accounts.

JESSUPS NEW DEALERSHIP

Jessups (Holdings), the motor vehicle dealer, is to start a Ford main dealership in Stamford, Lincs, with the purchase of **ECP (Engineers)**, currently a British Leyland dealer, for around £200,000 cash.

Jessups is to buy the land on which ECP operates from ECP shareholders for £120,000 and the *company itself for the balance of* the total figure. The initial payment of £165,000 will cover the property value and the goodwill of £45,000. The amount in excess of this will depend on auditors' valuation of the net tangible assets of ECP at the end of February.

Part of the cash for the deal is being *raised by placing 250,000* Ordinary shares in Jessups, or 6.4 per cent. of the capital, with institutions. This has already been done and Jessups received 36p per share or £90,000. Jessups is finding the balance out of its own resources.

Marshall's suitor fails to appear

It is now fairly clear that the purported "partial bid" for **Marshall's Universal**, the Peugeot car distributors, will not materialise. Mr. David Maltz, the mystery bidder claiming to represent the equally mysterious U.S. company Atlantic Federal Investments, failed to turn up yesterday to meet the Marshall's Board as *promised*.

Mr. Roger Doughty, Marshall's chairman, confirmed that there will now be a full Board meeting to-day. It is more than likely that this will lead to a resumption of share dealings by to-morrow.

The next move is likely to be an appeal to the Stock Exchange for a full inquiry, both into the share dealings prior to suspension in which the shares leapt by more than 20p within a few hours, and into the bid approach itself.

There are several parallels between the letter to Marshall's from Mr. Maltz and the letter to Senior Engineering last August from an unnamed overseas bidder which also failed to materialise. The Stock Exchange has just completed a full investigation into the Senior case and this must provide a precedent for a similar inquiry into Marshall's.

Ldn. Sumatra rejects consortium

BY JAMES BARTHOLOMEW

McLeod-Sipef, the creation of a Rothschild consortium, last night sent to shareholders of **London Sumatra Plantations** the long-awaited offer for their company. And soon after the Board of London Sumatra responded by recommending shareholders to reject it.

The document goes over the well-trodden ground of the cross-holdings in the Harrisons and Crosfield plantations empire. The chairman of McLeod-Sipef, Mr. J. Kenneth Dick, comments that actions of recent years have increased Harrisons and Crosfield's control over London Sumatra "to a level that would normally involve either your approval or a bid." However, the method used had required neither.

McLeod-Sipef points out that Harrisons and Crosfield and *associates now own approximately* 43 per cent. of the company. H and C can buy a further 2 per cent. a year without having to make a bid so "in little more than three years" legal control could be obtained.

"In these circumstances," says McLeod-Sipef, "public shareholders will rightly look to their dividends as the principal reward for their loyalty." At the offer price of 110p per share the historic dividend yield is only 2.75 per cent. compared with 5.58 per cent. of the FT Actuaries All Share Index.

But while historic dividends are a matter of record, there is no such certainty in McLeod-Sipef's valuation of London Sumatra. A substantial section of the document is headed, "What is London Sumatra worth?" and lists six separate areas of doubt.

McLeod-Sipef questions what is the value of the important Indonesian estates in the eyes of the London Sumatra directors and what restrictions are there on remission of profits from that area. It also wonders what are the chances that London *Sumatra's lease on the estates* will be extended and what commitments of capital expenditure have been given to the local authorities.

But despite the uncertainties, the £17m. offer implicitly puts a value on the Indonesian estates since the worth of the other assets are *more easily estimated*. McLeod-Sipef breaks down the *separate parts thus: Net current* assets in U.K. and Malaysia £1m., Investments less contingent capital gains tax liability £4m., Malaysian estates £2m. and Indonesian estates £10.5m.

Last night the Board of London Sumatra and its advisers Robert Fleming reacted swiftly, advising shareholders not to accept the offer. Mr. Cooper, of Fleming, *said* that an independent valuation of the estates had been commissioned but the result was not yet available. Nevertheless, the offer was considered so inadequate that rejection could be recommended even without it.

He noted that the value put on the Indonesian estates, after deducting net current assets in that country, was of the order of £70 per acre. This was plainly too little in view of the fact that pre-tax profits plus depreciation from that area amounted to a similar figure in a year.

He included depreciation because it was an overstated figure for tax reasons as disclosed in the last London Sumatra report and accounts.

A letter to shareholders from the Board would follow in the next few days.

See Lex

CATALIN BUYS RESINFILMS

For £200,000 cash and 97,500 Ordinary shares, Catalin has *purchased the capital of* **Resinfilms**, makers of resin-based products, from the English Electric Company, a subsidiary of the General Electric Company. The *freehold factory formerly owned* by Resinfilms has been leased to the company.

Pre-tax profit of Resinfilms for the year ended March 31, 1977, as adjusted for the rent now payable, was £37,000. The adjusted book value of the net assets was £273,000.

Despite Catalin's expansion in this field over recent years this sector now represents more than one-third of group turnover. The directors realise that having much larger competitors in Europe further expansion was desirable.

Now, with the acquisition of Resinfilms, the enlarged group has a wider range of resin impregnated products and is in a *much stronger position to face its* competitors.

ICL CHIEF SELLS SHARE BLOCK

The chairman of ICL, Mr. T. C. Hudson, has sold almost half of his holding in the company. Between February 8 and 13 he disposed of 12,000 Ordinary shares out of a holding of 27,000, at prices ranging between 240p and 258p.

LEISURE & GENL.

The offer by **Ladbroke Group** for *Leisure and General Holdings* has received acceptances of 90 per cent. and is now unconditional.

This brings Ladbroke's holding to 92 per cent. of Leisure and General. The offer remains open.

NO PROBE

Mr Roy Hattersley, Secretary of State for Prices and Consumer Protection, has decided not to refer the proposed merger between **Coral Leisure Group** and **Pontin's** to the Monopolies and Mergers Commission.

Southern Television jumps to £3.85m.

Taxable profit of Southern Television jumped from £2.52m. to £3.85m. in the October 28, 1977, year after the profits based Exchequer Levy of £5.25m. compared with £3.55m. last year.

Turnover for the year was up from £18.38m. to £23.10. Tax took £2.07m. (£1.5m.), leaving net profit at £1.78m. (£1.3m.). Dividends of £1.4m. (£1.1m.) leave retained profit at £0.38m. against £0.21m.

Mr. C. D. Wilson, chairman, says that the improvement came despite the economic uncertain*ties which continued to beset* British industry throughout the year.

In the year advertising income climbed 27 per cent., with much of the increase coming from advertisers new to television, especially in the retail, automotive and financial fields.

But the most important advance was in corporate advertising used to promote companies to shareholders, employees and customers. This is now running at a rate of £7m. per year while five years ago it was a negligible source of income.

Looking to the future, Mr. Wilson says that Southern Television is awaiting the publication of the Government White Paper on the future of broadcasting.

It is known that an extension to the present broadcasting Act and contracts will be necessary. We do not know for what period such an extension will be," he says.

"Long-term programming plans, staffing and capital expenditure will all be vitally affected by decisions that will have to be taken by Parliament, and subsequently by the Independent Broadcasting Authority."

On the hopes for a second ITV channel, Mr. Wilson says Southern would expect to make a substantial contribution to such an enhanced ITV service.

During the year £2,399,978 of the surplus from the revaluation of assets was put to issuing that number of £1 shares to the existing shareholders, so as to more adequately reflect the capital employed in the company. The company's capital is 75 per cent. owned by Associated Newspapers Group and Rank Organisation with the remainder held by D. C. Thom*son and Co.*

Accounts show an increase in net current assets in the year from £1.2m. to £2.15m. with cash on short-term deposit doubled from £1.4m. to £2.8m. There was a £1.5m. (£1.41m.) increase in working capital.

For the current year programme budgets have been increased by £800,000 and programme and technical developments are planned

MINING NEWS

Germans seek stake in Australian uranium

BY PAUL CHEESERIGHT

THE WEST GERMAN uranium group, **Urangesellschaft**, is seeking a stake of up to 14 per cent. in the Yeelirrie uranium deposit, owned by **Western Mining**, in Western Australia. The disclosure in Sydney yesterday came against the background of muted satisfaction in the local industry at what appears to be a slight easing in trades union attitudes to uranium development.

The slackening hostility was *clearly signalled when the Sydney* watersiders voted three to one in favour of dropping their ban on handling uranium shipments for export. Most Australian uranium is exported through Sydney, but other waterside workers are expected to follow this lead.

Urangesellschaft is owned by **Metallgesellschaft**, the Frankfurt group with extensive metals and *chemicals interests*, **Steag** of Essen and **Veba** of Bonn. It is already active in Canada, the U.S., Niger, Indonesia, South America and has a subsidiary in Australia.

Casimir Prinz Wittgenstein, the Metallgesellschaft deputy chairman, said that a stake of between 10 and 14 per cent. in Yeelirrie was sought, subject to Australian Government approval. *Discussions with Western Mining have already* taken place.

It is expected that Western Mining will soon build a pilot plant at Yeelirrie, and subject to satisfactory tests, the deposit could come to production at the rate of 2,300 tonnes a year of uranium oxide around 1983. This would be just before the international market needs an influx of fresh capacity, according to calculations made by the Organisation for Economic Co-operation and Development.

Mr. Douglas Stewart, Western *Mining's fuel and energy* manager, said that terms and conditions of any Urangesellschaft purchase had not yet been agreed. Further progress depended on the Government making up its mind on elements of policy like the uranium marketing board.

In that case definite decisions are not likely to be long delayed. A major Government announcement is expected within the next fortnight. A Government spokesman said in Canberra last week that private companies would be permitted to make sales contracts *under the overall supervision* of a marketing board.

The Government has been slowly working its way towards the enunciation of a practical policy to cover new uranium developments but has been made cautious by developments within the trades union movement. The Australian Council of Trades Unions, sitting astride a divided *movement, imposed an interim* ban on exports last December pending voting on policy by individual unions.

Last week, in the absence of *any widespread voting*, the ACTU recommended that labour be withheld from new projects pending talks with the Government on nuclear safeguards and Aboriginal rights, but said that existing sales contracts should be honoured.

Spokesmen for the **Peko-Wallsend** and **EZ Industries** joint venture at the Ranger deposit and for the **Pancontinental** and **Getty Oil** joint venture at Jabiluka, both in the Northern Territory, said in Sydney that the union move on honouring existing contracts was a step in the right direction.

What the spokesman did not appear to say, and yet probably felt, was that the conditions imposed for future movement on new projects were precisely those which the Government is any case taking care of. It has adopted the provisions of the Fox report on Ranger as far as Aborig[...] are concerned and last [...] declared a *stringent sales p[...]* aimed at furthering the cau[...] non-proliferation.

Yesterday, in London, Mr. [...] Grey, the Pancontinental c[...] man, told the Financial Time[...] recognise that the ACTU re[...] tion was the culmination of [...] long and agonising process [...] the trades unions have [...] through on the very difficult [...] *divisive subject of ura[...]* mining.

"I know that the trades u[...] movement takes very seri[...] the necessity to minimise [...] risks associated with nu[...] power and uranium mining [...] is sincere *in its concern* [...] resolution was a responsible [...] Mr. Grey said.

The companies hope that [...] *struction will begin at Ranger* Jabiluka later this year, in the [...] season. The Ranger partners [...] planning talks with the Go[...] ment on the necessary ena[...] legislation. The Jabiluka par[...] are hoping that they will be [...] to have preliminary talks with [...] Northern Land Council, repre[...] ing the Aboriginals, in pa[...] with those held by Ranger.

A Pancontinental spokes[...] said he expected the Aborig[...] to be hard bargainers. [...] Aboriginals are expected to [...] the companies for an [...] profits tax, a royalty and e[...] participation in the compani[...] a price for permitting the[...] mine on their tradit[...] territory.

To further their demands [...] Northern Land Council [...] engaged Mr. Stephen Zorn as [...] sultant. He is an American [...] has worked for the Govern[...] of Papua New Guinea in its [...] ings with mining companies [...] also for the Navajo Indian[...] the U.S.

Warkworth's $A100m. deal

PARTNERS in Australia's huge Warkworth coal deposit in New South Wales have quelled doubts about finding a market for their product with the signing of a 10-year contract to supply Japan with 5m. tonnes of Warkworth steam*ing coal, reports our Sydney* correspondent.

A brief statement yesterday by the leader of the consortium, **H. C. Sleigh**, said the contract was to supply the Electric Power Development Company in Tokyo, with the coal, in the 10-year period beginning in 1981.

Although no prices were disclosed, it is believed they are in the range of $A21 to $A22 per tonne, which puts a value of between $A103m. (£61.8m.) and $A110m. on the deal.

It is also understood that **Mitsubishi** of Japan, a member of the consortium, played a strategic role in securing the agreement. The contract comes at a time when competition for coal sales to Japan is intense, and Sleigh itself said yesterday that the Warkworth associates obtained the business against fierce competition, but nevertheless achieved *a satisfactory price.*

Deliveries will start at an initial rate of 300,000 tonnes a year and the contract will require additional capital investment of *the order of $22m.*

The contract is a breakthrough for the Warkworth partners in more ways than one. Not only does it dispel uncertainty about markets for Warkworth coal, but also it will allow the consortium to move into the big-money spinning reserves of soft coking coal in the area.

Total reserves at Warkworth are about 800m. tonnes, of which 83m. tonnes are good quality steaming coal. After the development of the mine to meet the existing contract, the associates *can try for further sales of higher* quality coal which is likely to fetch up to $A38 a tonne.

Partners in the venture are H. C. Sleigh (45 per cent.), Costain Australia (30 per cent.), the T and G Mutual Life Society (10 per cent.) and Mitsubishi (15 per cent.).

CGF: NO DANGER OF SUBSIDENCE AT POTASH MINE

There is no danger of subsidence on the North Yorkshire moors *from the solution mining* of potash, according to **Consolidated Gold Fields**.

The assertion was made yester*day at a public enquiry in Whitby*, where the company is making its case to establish a solution mine in the North York Moors National Park and a refinery on the outskirts of the town.

Dr. Jan Geertsma, a rock mechanics consultant with Gold Fields, said solution mining, which uses hot brine to dissolve the potash salt, would be harmless as far as subsidence is concerned. The cavity left 4,000-5,000 feet underground would be filled with saturated brine, and this would keep the rock structure stable, he stated.

Fears have been expressed locally about the possibility of subsidence, and the issue is likely to be raised again later in the enquiry when other organisations make their submissions. Some 30 organisations are objecting to the Gold Fields' plans and the enquiry, now in its second week, could last for five weeks.

Mr. John Trotter, a mining consultant at Gold Fields, refused to give the enquiry an economic appraisal for the mine, but said the company was prepared to go ahead if there was 25 per cent. of potash in the ore.

ATLAS PROFITS MOVE LOWER

In line with the trend established by other copper producers, **Atlas Consolidated** of the Philippines suffered a sharp drop in profits last year. In the last quarter of 1977 net earnings were $736,172 (£380,685) against $4.59m. in the same period of 1976 and the net income for the whole year was $11m. (£5.67m.) compared with $23.8m. in 1976.

Mr. Jose Soriano, the Atlas president, pointed out that the average world price of copper, based on London Metal Exchange quotations, declined last year. At the same time the group's processing costs had increased, while interest charges on development loans had been a greater burden.

OPTIMISM GROWS AT FORCE CRAG

Production at the Force Crag *lead, zinc and barytes mines near* Keswick in the Lake District could resume by the end of the year, if the planning authorities agree.

The plan is to drive a horizontal shaft into the mountain—this would be self-draining — and permission will be sought from the Lake District Special Planning Board to enlarge the waste tip.

"We are doing exploration and development work at present, but are hopeful that we will be able to go into production at the end of the year," said Mr. Robert Gunn, the mine manager.

Work on rehabilitating the mine and on exploration started at the beginning of last year. At present nine men are emplo[...] but the number could swe[...] more than 20 in the event of [...] duction resuming. Last pro[...] tion was in 1966.

Force Crag is 54.66 per [...] owned by *New Force Crag* [...] of Canada, an amalgam of s[...] exploration companies.

GEEVOR MAKING A SCRIP ISSUE

Cornwall's **Geevor Tin** [...] proposes to make a three-fo[...] scrip issue. The comp[...] capital is to be increase[...] £875,000 by the creation of [...] shares of 25p. Last night's [...] was 470p.

In the year to last [...] Geevor raised its net attrib[...] profits to £342,000, from £1[...] in 1975-76, and lifted its div[...] to 18.05p net.

Earlier in the year the co[...] had made a rights issue to [...] £194,000. For the past 10 m[...] of the current financial [...] Geevor's production of tin [...] centrates amounts to 881 [...] against 779 tonnes a year ag[...]

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Application has been made to the Council of The Stock Exchange for all the Participating Redeemable Preference Shares of 1p each of the Fund, issued and available to be issued, to be admitted to the Official List.

LAZARD BROTHERS STERLING RESERVE FUND LIMITED

(Incorporated with limited liability in Jersey as a company under the Companies (Jersey) Laws, 1861 to 1968)

SHARE CAPITAL

Authorised £		*Issued and fully paid* £
90,000	in unclassified shares of 1p each of which 1,737,751 are in issue as Participating Redeemable Preference Shares	17,377.51
10,000	in Management Shares of £1 each	1,000.00
100,000		18,377.51

As at 9th February, 1978 the Fund had no loan capital, borrowings or indebtedness in the nature of borrowing outstanding, including bank overdrafts, liabilities under acceptances, acceptance credits, mortgages, charges, hire purchase commitments, guarantees and other material contingent liabilities.

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HISTORY

he Fund was incorporated with limited liability in Jersey on 21st October, 1976 under the sions of the Companies (Jersey) Laws, 1861 to 1968 and is resident for exchange control purposes Scheduled Territories. It operates in a similar way to a unit trust in that each week it may and redeem Participating Redeemable Preference Shares of 1p each ("Participating Shares") at based on their underlying net asset value.

he first issue of Participating Shares of the Fund was made on 30th November, 1976 when 0 Participating Shares were issued at £10 per Share, raising approximately £1.25 million. Over riod from 30th November, 1976 to 8th February, 1978 the total number of Participating Shares was 1,779,777 and the total number of Shares redeemed was 42,026. On 8th February, 1978, t Subscription Day before the date of this document, the price at which Participating Shares be redeemed was £11.18 ex dividend per Share and the Fund had a net asset value of £19.44 n.

INVESTMENT AND DIVIDEND POLICY

he Fund is designed for individual and corporate investors who require a high degree of capital tion, combined with a reasonable return and ready availability of their funds. It would, for le, be suitable for those who have set aside sums to provide for a known liability or whose form the liquidity reserve for a business. The Fund thus offers an alternative to those who at it must try to meet their investment needs either by searching for a fixed-interest stock which closely matches the circumstances of their liabilities or by leaving their funds on deposit.

he Fund's assets consist of investments denominated in Sterling most of which mature within months of the date of purchase. When conditions seem propitious, a small proportion of the lio is occasionally held in first class medium term investments of up to five years maturity, but eater part comprises cash deposits, Bank and Trade Bills, other prime quality commercial ies, Local Authority and Commonwealth issues, and very short dated Gilt-edged stocks. The s portfolio normally has an average term to maturity of 3–9 months. The major portion of the on the Fund's portfolio is derived from the increase in value as the investments approach ity.

is intended that in each year substantially the whole of the net income of the Fund should be uted to Participating Shareholders by way of annual dividend. This would normally result in a nd yield of approximately 1 per cent. to 1 per cent. per annum.

t 6th February, 1978, the last Valuation Day before the date of this document, the Fund's lio was made up as follows:

	Value £	%	*Term to Maturity (days)*	*Return* %
ED INVESTMENTS (dle market value)				
Board Securities	461,564	2.4	278	8.96
ate Securities	764,661	4.0	206	7.38
nwealth Government Securities	1,939,625	10.0	116	7.93
uthority Securities	2,479,006	12.8	232	7.47
NEGOTIABLE INVESTMENTS (dle market value)				
ates of Deposit	8,364,357	43.3	11[illegible]	[illegible]
ills	2,492,617	12.9	18	5.92
ITS				
	2,550,000	13.2	13	6.[illegible]
	347,548	1.8	0	6.25
ortfolio	19,398,468	100.4		
ssets/(Liabilities)	(73,293)	(0.4)		
al Assets	19,325,175	100.0		

Weighted Averages: Term 113 days (3.7 months) Return 6.9%

the period 30th November, 1976 to 28th December, 1977 (the date to which the latest audited s of the Fund were made up) the price of a Participating Share rose from an initial offer price 00 to a redemption price of £11.11 (ex dividend), representing an increase of 11.1 per cent. ition, it is proposed to pay a dividend in respect of that period of 2.7p per Participating Share is recommended for payment on 10th March, 1978 following the Annual General Meeting. tal annualised rate of return for that period including the proposed dividend was therefore r cent.

e average return on the present portfolio is lower than that experienced for the greater part period to 28th December, 1977 and reflects the general fall in the level of U.K. interest rates. t practicable to make a forecast for the current period to 27th December, 1978 but if interest emain at their present levels the total annual return for an investor for that period would be imately 5.6 per cent.

THE MANAGERS, INVESTMENT ADVISER AND CUSTODIAN

anagers

inden Investment Services (Jersey) Limited ("the Managers") is responsible to the directors for ng the business of the Fund and also undertakes the duties of Secretary and Registrar to the see "General Information", paragraph 9, below for a brief description of the Management ent).

e Managers receive for their services a monthly fee from the Fund of 1/12th per cent. of the f the net assets of the Fund as at the last Valuation Day of each month, calculated in accordance provisions in the Articles of Association for determining the subscription price of Participating The Managers make no initial charge to purchasers of Participating Shares other than by g up the offer price of Participating Shares to the nearest penny and retaining the rounding r own benefit, and make no charge on redemptions.

rtain expenses specified in the Management Agreement are paid by the Fund out of its income lude management, custodian, audit and directors' fees together with reporting expenses and onal costs (including dealing costs). In addition the Fund has met and is amortising over 5 years 0th November, 1976 certain specified expenses amounting to £9,420, namely formation s of the Fund and expenses of the first issue of Participating Shares. It is intended that the s incurred in connection with the listing of the Fund's Participating Shares on The Stock ge which are expected to amount to £26,000 will also be amortised over 5 years. The Managers t all other expenses incurred by them in connection with their services.

nden Investment Services (Jersey) Limited is a wholly-owned subsidiary of Minden Securities Limited which is a registered Jersey bank and is, itself, a wholly-owned subsidiary of Lazard s & Co., Limited.

ent Adviser

zard Securities Limited is responsible to the Managers for continuous investment policy e and advice on the Fund's portfolio (see "General Information", paragraph 9, below for a scription of the Investment Advisory Agreement).

e Investment Adviser's fees are not borne by the Fund but are paid by the Managers out of muneration.

rard Securities Limited is responsible for providing the investment management services offered rd Brothers & Co., Limited of which it is also a wholly-owned subsidiary. Lazard Securities manages world wide investments for U.K. and overseas clients and is amongst the larger anagers of discretionary funds.

an

yds Bank Trust Company (Channel Islands) Limited ("Lloyds") acts as Custodian to hold the ents and cash of the Fund (see "General Information", paragraph 9, below for a brief description of the Custodian Agreement).

yds receive from the Fund a monthly fee of 1/150th per cent. of the value of the net assets of d (up to £25,000,000) as at the last Valuation Day of each month, calculated as for the Managers' 1/240th per cent. of the balance of net assets over £25,000,000. The monthly fee will in no less than £250. The Fund reimburses to Lloyds certain expenses incurred by them and specified Custodian Agreement.

VALUATION AND REDEMPTION OF PARTICIPATING SHARES

ticipating Shares may, except where there is a suspension of the valuation of assets (see below), emed by the Fund on any Subscription Day at the redemption price. As an alternative the rs may elect to purchase at a price not less than the redemption price any Participating Shares d by a Shareholder for redemption. (Subscription Days are normally every Wednesday, or if is not a business day the next following business day, or such other day as may from time be determined by the directors. A business day for this purpose is any day normally treated siness day in the Island of Jersey and on which The Stock Exchange is open for business.)

e redemption price is determined in accordance with the Fund's Articles of Association by e to the value of the net assets of the Fund on the relevant Valuation Day. (A Valuation Day usiness day immediately preceding the day before each Subscription Day. This will normally Monday.) The redemption price per Participating Share is determined by assessing the value et assets of the Fund, deducting the paid-up capital on Nominal and Management Shares in d a provision for duties and charges payable on realisation of the whole of the Fund's portfolio iding the amount so calculated by the total number of Participating Shares in issue, or deemed issue. The resulting sum is then adjusted downwards to the nearest whole penny.

e directors of the Fund may suspend valuation of assets at any time if, in their opinion, it is sonably practicable for the Fund to dispose of investments or fairly to determine the value ssets, or if a breakdown occurs in any of the means normally employed to ascertain such value.

redeem all or part of his holding, a Shareholder should complete the form on the back of each rtificate and send the certificate to the Managers. The instructions should be received not later 0 p.m. on the business day immediately preceding the relevant Subscription Day in order to for redemption on that Day. Requests for redemption received late may be held over until the bscription Day.

Shareholder may not withdraw his request for redemption except in the event of a suspension aluation of assets and in such event a withdrawal will be effective only if written notification lly received by the Fund before the termination of the period of suspension. If the request is withdrawn the redemption (or purchase by the Managers) of the Participating Shares will be the Subscription Day next following the end of the suspension or on such earlier day following of the suspension as the directors may agree.

y amount payable to a Shareholder in connection with requests for redemption will be paid by cheque and will be posted to the Shareholder (or for amounts in excess of £10,000 cabled or to a bank at the Shareholder's request and expense) normally within 48 hours; but in any case ive business days after the later of the date on which the redemption (or purchase by the rs) takes effect and the date of receipt of a duly endorsed certificate for the Shares to be d (or purchased by the Managers).

e Fund shall not be bound to redeem on any one Subscription Day more than one-quarter of l number of Participating Shares then in issue.

tory redemption

t any time after 21st October, 1981 the value of the Fund's net assets shall, on each Subscription hin a period of 26 consecutive weeks, be less than £1 million, the Fund may redeem all of the ating Shares then in issue at the relevant redemption price.

Participating Shares not previously redeemed will be redeemed by the Fund on 31st December, if that date is not a business day on the next following business day at the redemption price n the day in question.

The Managers are empowered under the Articles of Association to require the transfer or redemption of any Participating Share which is owned directly or beneficially by any person in breach of any law or requirement of any country or government authority or by virtue of which such person is not qualified to hold such Share.

SUBSEQUENT ISSUES OF SHARES

The Articles of Association provide that, except where there is a suspension of the valuation of the Fund's assets (see above), Participating Shares may be issued on Subscription Days at a price per Participating Share not less than that determined by assessing the value of the Fund's net assets on the relevant Valuation Day, deducting the paid-up capital on the Nominal and Management Shares in issue, adding a provision for duties and charges payable on acquisition of the whole of the Fund's portfolio and dividing the amount so calculated by the total number of Participating Shares in issue and deemed to be in issue.

PUBLICATION OF PRICES

The quotations for Participating Shares on The Stock Exchange will appear in The Stock Exchange Daily Official List.

The Managers will also arrange for the Financial Times to publish daily a price for the Participating Shares.

ACCOUNTS AND REPORTS

Copies of the audited accounts of the Fund made up to the last Valuation Day in each year will normally be sent to shareholders at their registered address in February of each year. Shareholders will also be sent half-yearly reports relating to the Fund.

TAXATION

The Comptroller of Income Tax in Jersey has confirmed that income of the Fund arising outside Jersey, and deposit interest receivable in Jersey, will be exempt from Jersey Income Tax. The Fund's liability to Jersey taxation is, therefore, limited to Corporation Tax, currently £300 per annum, and its dividends are payable without any deductions of tax at source to shareholders resident outside Jersey. The Fund is not resident in the United Kingdom for taxation purposes.

Jersey does not levy taxes upon capital, inheritances, capital gains, gifts, sales or turnover, nor are there any estate duties. No stamp duty is levied in Jersey on the transfer or redemption of shares in the Fund.

Holders of Participating Shares who are resident in the United Kingdom for tax purposes will, depending on their individual circumstances, be liable to United Kingdom Income Tax or Corporation Tax in respect of dividends or other income distributions of the Fund. Holders (other than those holding Shares as dealing stock who are subject to different rules) who are resident or ordinarily resident in the United Kingdom, will unless exempt be liable to United Kingdom Capital Gains Tax or Corporation Tax in respect of gains arising from the disposal or redemption of Participating Shares.

Clearance under Section 464 of the Income and Corporation Taxes Act 1970 (cancellation of tax advantages from certain transactions in securities) has been given by the United Kingdom Board of Inland Revenue in relation to:–

(a) the issue of the unclassified shares of the Fund partly as Participating Shares and partly as Nominal Shares;

(b) the subsequent redemption by the Fund of Participating Shares and Nominal Shares.

The attention of individuals ordinarily resident in the United Kingdom is drawn to Section 478 of the Income and Corporation Taxes Act 1970, which may, in certain circumstances, render them liable to taxation in respect of undistributed profits of the Fund.

The foregoing is based on the law and practice currently in force in Jersey and the United Kingdom and is subject to changes therein. However, investors should consult their professional advisers on the possible tax consequences of buying, holding, selling or redeeming Participating Shares under the laws of their country of citizenship, residence or domicile.

FINANCIAL INFORMATION

The following is a copy of a report dated 6th February, 1978 from Coopers & Lybrand, Chartered Accountants, the auditors of the Fund:–

To: The Directors,
Lazard Brothers Sterling Reserve Fund Limited

La Motte Chambers,
St. Helier,
Jersey,
Channel Islands
6th February, 1978

Dear Sirs,

The Fund was incorporated on 21st October, 1976 and made its first issue of Participating Shares on 30th November, 1976.

We have examined the audited accounts of the Fund for the period from 30th November, 1976 to 28th December, 1977, the Fund's first accounting period.

The summarised balance sheet and income and expenses account set out below are based on the audited accounts for the period. In our opinion these summaries together with the notes thereon give a true and fair view of the results of the Fund for the period stated and of the state of affairs of the Fund at the date stated.

1. Balance Sheet as at 28th December, 1977

	£	£
Assets		
Investments at mid-market value (Note 1(a))	16,492,553	
Time deposits	1,000,000	
Call deposits	575,168	
Debtors	6,028	
Formation expenses less amounts written off	7,391	
		18,081,160
Liabilities		
Creditors	17,892	
Due to brokers	193,113	
Dividend	43,277	
		(254,282)
Net assets		17,826,878
Representing:		
Management Shares of £1		
Authorised	10,000	
Issued		1,000
Unclassified Shares of 1p		
Authorised	90,000	
Issued: Nominal Shares		—
Participating Redeemable Preference Shares		16,029
Share Premium Account		17,143,[illegible]17
Revenue Account		2,568
Investment Reserve		
Surplus on realisation of investments		541,665
Surplus on revaluation of investments		122,308
		17,826,878

Income and Expenses for the period 30th November, 1976 to 28th December, 1977

	£	£
Income		
Investment income (Note 1(b))		51,2[illegible]8
Deposit and other interest (Note 1(c))		109,755
		161,033
Expenses (Note 2)		
Management fees	95,737	
Custodian fees	7,912	
Legal and audit	2,550	
Directors' remuneration	1,250	
Brokerage and sundry expenses	5,335	
Corporation tax	375	
Amortisation of formation expenses (Note 3)	2,029	
		115,188
		45,845
Dealt with as follows:–		
Proposed dividend payable 10th March, 1978 £2.70 per 100 Shares		43,277
Undistributed income carried forward		2,568
		45,845

Notes:–

1. Accounting Policies
   (a) Investments
   (i) On disposal, proceeds are set against costs and the resulting surplus or deficit is transferred to investment reserve.
   (ii) Investments are valued at mid-market prices and the resulting surplus or deficit is transferred to investment reserve.
   (iii) Dealing expenses and brokerage are debited to the income account.
   (b) Investment Income
   The Fund takes credit for investment income when the relevant investment goes ex dividend.
   (c) Interest received on Certificates of Deposit held to maturity is credited to Revenue account. Deposit interest is accrued on a day to day basis.
   (d) No income equalisation account is operated for issue and redemption of Participating Shares.
2. General Expenses
   The Fund is responsible for the payment of management, custodian, audit and directors' fees together with reporting expenses and operational (including dealing) costs. All other expenses, with the exception of formation and quotation expenses, are borne by the Managers.
3. Formation and Quotation Expenses
   The formation expenses of the Fund, amounting to £9,420, are being amortised over a period of five years:–

	£
Formation Expenses	9,420
Less amount written off to date	2,029
	7,391

Expenses associated with the listing of the Fund's Participating Shares on The Stock Exchange (estimated at £26,000) will also be amortised over five years.

3. Statement of Change in Participating Shareholders' Equity for the period 30th November, 1976 to 28th December, 1977

	£
Net proceeds on the issue of shares	17,1[illegible]
Surplus on realisation of investments	541,6[illegible]
Surplus on revaluation of investments	122,308
Undistributed Income	2,568
Change in Participating Shareholders' Funds	17,826,878

Yours faithfully,
Coopers & Lybrand,
Chartered Accountants.

PARTICULARS OF SHARE CAPITAL

The authorised share capital of the Fund is £100,000, divided into 10,000 Management Shares of £1 each and 9,000,000 unclassified shares of 1p each. The unclassified shares may be issued as Participating Shares or Nominal Shares. There are 1,000 Management Shares in issue which were issued at par and which are held by the Managers. It is not intended that any further Management Shares will be issued. No Nominal Shares are in issue.

Management Shares of £1 each

The Management Shares have been created so that Participating Shares may be issued. (To be participating redeemable preference shares, the shares are required, under Jersey law, to have a preference over some other class of share capital.) The Management Shares carry one vote each on a poll, do not carry any right to dividends and, in a winding-up, rank only for a return of paid-up capital (after return of capital on Participating and Nominal Shares). The Management Shares are not redeemable.

Participating Redeemable Preference Shares of 1p each

The Participating Shares carry a right to dividends declared by the Fund in general meeting or paid by the directors. The Articles of Association provide that no dividend shall be payable except out of such funds as may be lawfully distributed as dividend. In no event will any dividend be payable out of any funds representing a surplus over book value, derived from the sale or realisation of any capital asset or out of funds representing accretions to capital assets. Each holder of Participating Shares is entitled, on a poll, to one vote for each Share held. In a winding-up, each Participating Share has a preferential right to return of capital paid up and a right to share in surplus assets after return of capital paid up on Nominal and Management Shares.

Nominal Shares

The Nominal Shares can only be issued at par and only for the purpose of providing funds for the repayment of the nominal amount of Participating Shares redeemed by the Fund. They carry no right to dividend. In a winding-up, they have the right to repayment of paid-up capital in priority to repayment of paid-up capital on the Management Shares but have no further rights. Each holder of Nominal Shares is entitled, on a poll, to one vote irrespective of the number of Nominal Shares held by him.

The Managers are obliged to subscribe for Nominal Shares for cash at par when Participating Shares are redeemed, in order to provide the funds necessary to repay the nominal amount of the Shares redeemed, unless the directors decide that the nominal amount of such Shares is to be redeemed out of profits. Nominal Shares may be converted into Participating Shares by the Managers for sale to investors by the Managers paying to the Fund on a Subscription Day in respect of each Nominal Share an amount equal to the subscription price of a Participating Share on that date less 1p per Share.

ARTICLES OF ASSOCIATION

In addition to the provisions summarised above under "Particulars of Share Capital" and referred to elsewhere above, the Articles of Association of the Fund contain or, subject to the passing of necessary resolutions at Extraordinary General Meetings of the Fund to be held on 9th March, 1978 and 29th March, 1978, will contain provisions (*inter alia*) to the following effect:

1. The rights attached to any class of shares may, subject to any provision of Jersey law or unless otherwise provided by the terms of issue of the shares of that class, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class by a majority of three-fourths of the votes cast at that meeting. The necessary quorum at any such meeting shall be two persons at least holding or representing by proxy one-third of the issued shares of the class, save that if at any adjourned meeting such a quorum is not present, the holders who are present shall be a quorum.
2. The rights attached to the Participating Shares shall be deemed to be varied by any variation of the rights attached to shares of any other class or by the creation or issue of any shares other than Participating Shares ranking *pari passu* with them as respects dividend rights or in a winding-up or reduction of capital.
3. Subject to 2 above, the rights conferred on the holders of any shares issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of those shares, be deemed not to be varied by the creation of further shares ranking in any respect *pari passu* therewith.
4. A director may act in a professional capacity for the Fund (other than as Auditor), and may receive remuneration for such professional services. A director may also hold any other office or place of profit with the Fund (other than the office of Auditor) and may be a director, officer or member of any company in which the Fund may be interested.
5. A director may contract with the Fund and no contract or arrangement made by the Fund in which any director is in any way interested shall be liable to be avoided, but the nature of his interest must be declared at a meeting of the directors.
6. A director may not normally vote in respect of any contract in which he is materially interested.
7. The directors shall be entitled to such remuneration as may be voted to them by the Fund in general meeting. The directors may be reimbursed for expenses incurred in connection with the business of the Fund. The directors may also grant remuneration to any director for special or extra services.
8. The directors may exercise the Fund's borrowing powers but borrowings of the Fund and its subsidiaries (if any) shall not, except with the consent of the Fund in general meeting, exceed the aggregate of share capital and consolidated reserves of the Fund (as defined in the Fund's Articles of Association).
9. *There is no share qualification for directors.*
10. There are no provisions requiring directors to retire at any specified age. A director may be removed at any time by ordinary resolution of the Fund in general meeting.

GENERAL INFORMATION

1. The interests of the directors of the Fund and their families in the share capital of the Fund which would be required to be shown in the register maintained under the provisions of the Companies Act 1967 if the Fund was subject to the provisions of that Act, do not in aggregate exceed one per cent. of the issued share capital of the Fund.
2. The directors are not aware that any shareholder of the Fund has an interest in excess of five per cent. in the issued Participating Share Capital of the Fund.
3. All the 1,000 issued Management Shares are owned beneficially by the Managers.
4. The expenses of the listing including the accountants' and legal charges, the cost of printing and advertising, The Stock Exchange listing fee and a fee to the brokers are estimated to amount to £26,000.
5. No litigation or claims of material importance are pending or threatened against the Fund.
6. The aggregate emoluments of the directors of the Fund for the accounting period to 28th December, 1977 amounted to £1,250. At the Annual General Meeting to be held on 9th March, 1978 aggregate emoluments of the directors of the Fund of £2,000 will be proposed for the current financial year.
7. There are no service agreements in existence between the Fund and its directors, nor are any such agreements proposed.
8. (i) Mr. S. J. Scrimgeour, Mr. D. W. Bulstrode and Mr. R. J. Feilden, who are directors of the Fund, are also directors of the Managers.
   (ii) Mr. R. J. Feilden is also a director of Lazard Securities Limited, the Investment Adviser, and of Lazard Brothers & Co., Limited, of which both the Managers and Investment Adviser are subsidiary companies.
   (iii) Save as disclosed herein, no director of the Fund has any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or leased to, the Fund since the date of incorporation of the Fund and no director of the Fund has a material interest in any contract or arrangement entered into by the Fund which is significant in relation to the business of the Fund.
9. The following contracts, not being contracts in the ordinary course of business, have been entered into since the date of incorporation of the Fund and are or may be material:–
   (i) by an agreement dated 26th October, 1976 made between the Fund and the Managers, the Managers were appointed to manage the business of the Fund and to act as Secretary and Registrar;
   (ii) by an agreement dated 26th October, 1976 made between the Fund, the Managers and Lazard Securities Limited, Lazard Securities Limited was appointed as Investment Adviser to the Managers;
   (iii) by an agreement dated 26th October, 1976 made between the Fund, the Managers and Lloyds, Lloyds were appointed as Custodian to the Fund.
   All the above agreements are terminable by either party by not less than ninety days' written notice.
10. The Fund does not have a place of business in the United Kingdom and does not have any subsidiaries.
11. No share or loan capital of the Fund is under option or agreed to be put under option conditionally or unconditionally and, save as disclosed herein:
    (i) no share or loan capital of the Fund has been issued for cash or for a consideration other than cash; and
    (ii) no commissions, discounts, brokerages or other special terms have been granted by the Fund in connection with the issue or sale of any capital of the Fund.
12. Coopers & Lybrand has given and has not withdrawn its written consent to the issue of this document with the inclusion of its report in the form and context in which it appears.
13. Further information relating to the Fund may be obtained from the Managers and from the following Stockbrokers:–

Cazenove & Co.,
12, Tokenhouse Yard,
London, EC2R 7AN.

Laddon & Co.,
National Westminster Bank Buildings,
112/116, Bute Street, Cardiff, CF1 6TA

Heseltine Moss & Co.,
Commercial Union House,
73, London Road, Reading, RG1 5DF.

J. W. Nicholson & Sons,
P.O. Box No. 132, Fargate Court,
Sheffield, S1 1LE.

Illingworth & Henriques,
Bank House, Charlotte Street,
Manchester, M60 2HL.

Neilson, Hornby, Crichton & Co.,
State House, 22, Dale Street,
Liverpool, L69 2DD.

14. Copies of the following documents will be available for inspection at the offices of Freshfields, Grindall House, 25, Newgate Street, London EC1V 7LH during usual business hours on any weekday (Saturdays excepted), up to and including 1st March, 1978:–
    (i) the Memorandum and Articles of Association of the Fund and the Notice of the Extraordinary General Meetings at which various amendments to the Articles will be proposed;
    (ii) the report and accounts of the Fund for the period 30th November, 1976 to 28th December, 1977;
    (iii) the contracts referred to under paragraph 9 above;
    (iv) the report and consent of Coopers & Lybrand.

9th February, 1978

MOTOR INDUSTRY IN EUROPE

Profits up, peak orders at BMW

BY GUY HAWTIN

FRANKFURT, Feb. 14.

BAYERISCHE Motoren Werke (BMW), the West German car and motor-cycle manufacturer, ended 1977 with the largest order book in its history. But while last year was an excellent one, it seems that the advance in profits has not fully matched the increase in turnover.

Group turnover last year rose by a healthy 16 per cent. to DM5.53bn. ($2.6bn.) while earnings were "thoroughly satisfactory" according to Herr Eberhard von Kuenheim BMW's chief executive. They had not grown at the same rate as turnover, but they were well above 1976's levels.

In the car sector, volume sales in Germany grew by 8 per cent. to 140,182 units, while motor-cycle production went up 11 per cent. worldwide.

BMW entered 1978 with an order level 50 per cent. above the level of a year earlier. The order book at present is sufficient to keep its plants in full operation until well past the summer works holiday period, and dealers are quoting delivery times of at least four months for the top of the range and nine months at the lower end. Admittedly, these are nothing compared with the very lengthy Daimler-Benz delivery periods, but they should be more than sufficient to inspire confidence in BMW's prospects for the coming year at least.

Dr. E. Haiber, the finance chief, said that it was too early for predictions on the dividend. It seems, however, highly unlikely that BMW will be able to maintain the previous year's record 20 per cent. rate. This assumption reflects the effects of West German corporation tax reform rather more than the fact that the 1977 dividend will be paid on a share capital 20 per cent above the 1976 level.

German shareholders for the first time, will be able to offset the corporation tax paid on their dividends against their personal taxes. As a result of this change in the tax laws, holders' real earnings should be substantially higher even with a hefty cut in dividend. The people who really suffer under the new system—which lifts the 36 per cent. tax on distributed profits to the 52 per cent. levied on retained profits — are overseas shareholders who have no German personal taxes against which to offset their corporation tax. However, it is understood that foreign holdings in BMW are relatively small.

Herr von Kuenheim has a reputation for caution and does not view the concern's current order book as grounds for a crash programme to expand production. The executive Board's philosophy is to gear itself up for steadily increasing demand rather than to create capacity which will only be fully utilised at peak levels.

It was quite wrong, he said, to take on labour that had to be laid off when demand slackened. In this context, BMW's management believed that it is possible that there will be a reversal in the current "car boom" during this decade—a view shared by other West German motor manufacturers. However, whether this will affect the specialised end of the market that BMW has deliberately structured itself to serve remains debatable.

Turnover growth this year is unlikely to be as "spectacular" as in 1977, said Herr von Kuenheim. He forecast that sales would increase by about 10 per cent. This slackening of the sales rate reflects BMW's approach to capacity expansion rather than weakening demand. On possible price increases, he said: "This is not a theme of ours."

Exports of BMW cars last year went up by about 4 per cent., again reflecting full utilisation of production capacity. It was interesting to note that exchange rate fluctuations have not been without problems even for BMW. Herr von Kuenheim said that changes in parities, provided they offset differing rates of inflation, caused no difficulties. Things were different when the movements were sharp and sudden as at the end of 1977.

Honda to set up subsidiary in Belgium

TOKYO, Feb. 14.

HONDA MOTOR said that it will soon establish a Belgian subsidiary, Honda Europe NV, to help it buy more vehicle parts from EEC countries and improve servicing in the area.

The subsidiary, capitalised at Y800m., will be managed jointly by the parent company and other sales or manufacturing subsidiaries in Britain, France, Belgium and West Germany, it said.

Honda said it signed a 26-year lease for about 400,000 square metres of land in Guent, about 60km. north-west of Brussels, to build a head office, and facilities to store locally-supplied parts as well as make pre-delivery preparations for its vehicles to be sold in Europe.

Building costs are estimated at Y3bn. The subsidiary will give employment to about 200 local people.

Honda said it exported 425,000 cars last year, of which 94,000 went to the EEC.

Reuter.

Unheralded recovery at Saab

BY WILLIAM DULLFORCE

STOCKHOLM, Feb. 14.

AFTER a totally unheralded second-half recovery, Saab-Scania, the Swedish truck, car and aircraft manufacturer, reports a 22 per cent. increase in pre-tax earnings. The preliminary figures for 1977 show a pre-tax profit of Kr.375m. ($80.5m.) against Kr.307m. in the previous year. Sales grew by 12 per cent. to Kr.10.8bn. ($2.32bn.).

The result is the more surprising in that at the half-way stage, Saab-Scania showed a Kr.6m. fall in pre-tax profit to Kr.117m. and forecast lower earnings for the year as a whole. This prediction was repeated in a bond issue prospectus published as late as November.

A change has been introduced in the method of calculating depreciation, which has been altered "to conform more closely with the estimated economic life" of machinery and plant. This is said to provide a better basis for comparison with other companies.

The new method, when applied to the 1976 accounts, boosts the pre-tax figure for that year by Kr.52m. to the Kr.307m. reported above. In the half-year report for 1977, which showed pre-tax earnings of Kr.117m., depreciation had been calculated on the earlier system.

The Kr.117m. half-year pre-tax figure is not, therefore, comparable with the Kr.375m. reported for the year as a whole. But, if the Kr.52m. difference in the depreciation estimates for 1976 is taken as a guide and spread over 1977, second half earnings would come out at just over Kr.230m. against just over Kr.140m. in the first half. This at least indicates the strength of the profit recovery, which is understood to have been due to a particularly strong performance by the Scania truck division.

The management underlines that the unaudited preliminary figures are subject to change. The preliminary earnings shown include currency losses from the effect of the krona devaluation on the group's foreign loans. These losses total Kr.101m., of which Kr.49m. is included in the pre-tax figure and the rest as an extraordinary item. Earnings after extraordinary items but before tax are shown as Kr.331m. against Kr.312m. in 1976.

Net adjusted earnings are provisionally reported as Kr.34.45 a share compared with Kr.28.25 in the previous year, and the Board proposes to pay unchanged dividends of Kr.11 per Ordinary share and Kr.5 per Preference share.

A turnover breakdown shows a 17 per cent. increase in sales by the Scania truck division (which includes the Volkswagen and Audi agency for Sweden) to Kr.5.37bn. Car sales rose by 15 per cent. to Kr.3.28bn., while the aircraft division reports a decline of 4 per cent to just over Kr.1bn.

Group capital investments in 1977, excluding leasing cars, amounted to Kr.410m., a decline of Kr.55m. from 1976. The parent company reports pre-tax earnings of Kr.224m. against Kr.130m. on a Kr.5.47bn. turnover and a net profit of about Kr.97m. compared with Kr.88m. in 1976.

Export record boosts turnover at Schering

BY LESLIE COLITT

BERLIN, Feb. 14.

WEST BERLIN'S Schering pharmaceuticals and chemicals company raised its world-wide group sales by 6.7 per cent. to DM2.13bn. last year. For the first time the figure included Nepera Chemical Company in the U.S., which was acquired in 1976 and had a turnover equivalent to DM62m.

Schering AG turnover rose 6.1 per cent. to DM1.28bn., which, the company admits, was better than average for the German chemicals industry, but did "not meet expectations in many sectors." Schering notes, however, that profits last year, which are to be disclosed at a later date, were satisfactory.

Exports made up a record 63.5 per cent. Schering AG turnover, rising by 9.4 per cent., compared with an increase of 0.9 per cent. in domestic sales. This the company attributes to declining sales of pharmaceuticals on the home market as a result of pressures from the West German health insurers to reduce costs. Sales of industrial chemicals were well up on 1976.

Investments last year in physical assets amounted to DM110m., which was less than planned. West Berlin investments were not affected though, and amounted to 60 per cent. of the total.

Last year, Shering took over Philips-Duphar, an agro-chemicals producer in West Germany, from Philips of the Netherlands, after earlier negotiations failed for the purchase by Schering of Philips-Duphar in Amsterdam, which controls a variety of chemical activities in Europe.

Schering has two wholly-owned companies in the U.S., Nepera in Harriman, New York, and Nor-Am Agricultural Products Inc., of Chicago. It also has a 50 per cent. stake in the Knoll Pharmaceutical Company in New Jersey. Profits earned in the U.S. are being retained there, and Schering says it is considering new American investments. The company notes that it will not be moved by the cheap dollar or by lower overall American labour costs compared with West Germany, but instead by the long-term outlook for profits.

EUROBONDS

Dollar sector falls back

BY MARY CAMPBELL

THE D-MARK sector was a bit weaker yesterday while prices in the dollar sector fell back in the wake of the currency weakness, though dealers were divided on the extent of the fall. Neither sector was very active though dealing on D-Marks reportedly picked up late in the afternoon.

On the primary market the Fujitsu convertible had its coupon cut from the indicated 4½ to 4¼ per cent. on a par pricing. The conversion price was set at DM2.80—a premium on the basis of Monday's exchange rate and yesterday's closing share price of 11.96 per cent.

Terms of the private placement for the French steel industry group, GIS, have now been confirmed. The DM40m. placement, for which Bayerische Landesbank is lead manager, offers 6 per cent. on a five-year maturity (4½-year average life).

A $40m. syndicated Euro-currency bank loan is also being arranged for GIS—managed by Société Générale and Bayerische Landesbank. It offers a margin over inter-bank rates of 1½ per cent. for a five-year maturity.

In the dollar sector, a $25m. issue for Jutland-Funen Electricity consortium (ELSAM) was announced by Blyth Eastman Dillon. The issue offers an indicated 9 per cent. coupon on a seven-year bullet maturity. This is the same coupon as was being indicated on New Zealand Forest Products (due for pricing last night) and although the final maturity is one year shorter, the average life is longer. Avco is also indicating a 9 per cent. coupon, for the same final maturity as ELSAM, but again a shorter average life.

The detailed terms of the Australian yen bond issue have now been announced. They are significantly less generous to investors than other recent issues. The issue, for which Nomura is lead manager, is Y50bn.—other recent issues have been a maximum of Y20bn. (with the exception of the World Bank's Y50bn. offering in December). The maturity is the usual 12 years, but the average life, at 10.3 years, is slightly longer than the 9.9 years which has become standard recently. The coupon of 6.6 per cent. compares with 6.7 per cent. on others and the issue price is 99.30 instead of 99.70.

NORTH AMERICAN NEWS

New film lifts profits at Columbia

NEW YORK, Feb. 14.

COLUMBIA Pictures Industries' second quarter earnings were aided by early results from the film "Close Encounters of the Third Kind," which went into broad domestic release in mid-December.

Columbia earlier reported earnings for the second fiscal quarter ended December 31 of $2.77 a share, which included an extraordinary credit of $1.05 a share, compared with 41 cents a share the year before, which included a 10 cent a share extraordinary credit.

The company said "Close Encounters" continues to generate substantial revenues and that domestic box office receipts through February 12 exceed $76m. The films overseas release is scheduled for later this month.

Columbia Pictures also said its Arista Records unit had increased revenues and operating results.

Reuter

Massey-Ferguson omits first quarter dividend

BY JAMES SCOTT

TORONTO, Feb. 14.

THE PROBLEMS that caused a sharp drop in profit for Massey-Ferguson in the fiscal year that ended October 31, 1977, continued into the first quarter of the current fiscal year and have forced the company to omit the dividends on its common and preferred stock normally payable in March. The company estimates it had a net loss for the first quarter to January 31 of U.S.$38m.

Profit for fiscal 1977 fell to $1.26 a share from $6.04 a share a year earlier. Results for the three months ended January 31, 1978, will not be issued until mid-March, but Mr. Albert A. Thornbrough, president, warned shareholders in December that "on balance, 1978 will be a year of substantial adjustment for Massey-Ferguson. The problems and difficulties of 1977 will continue into 1978 and will have an adverse effect on income in the first quarter and possibly longer."

The difficulties are largely the reflection of reduced farm commodity prices and the inability of the major economies to achieve higher rates of investment and growth.

Mr. Thornbrough said the company will give the highest priority in 1978 to actions to increase profitability, reduce the level of inventories, and improve the flow of production, all of which were begun last year.

How successful the company will be in reversing the downtrend in earnings is a matter for speculation among financial analysts, but a major advantage the company carries into this year is a strong competitive position resulting from the introductio[n] of new and improved produc[ts] in 1977 and early this year.

Among its major profit lines, mixed performance for fa[rm] machinery is expected. Dema[nd] is seen improving in some ma[r]kets, notably Asia and Afri[ca] but others on which the co[m]pany is highly dependent, such [as] North America and Brazil, a[re] not as certain.

Any improvement in dema[nd] for industrial and constructi[on] equipment and diesel engines [is] dependent largely on worldw[ide] fixed capital investments, a[nd] many European countries ha[ve] announced plans to stimulate t[he] capital goods sector this year.

Massey-Ferguson shares we[re] suspended in London yesterda[y] following suspension in Canad[ian] markets on Monday.

See Lex

Sharp drop in U.S. car sales

DETROIT, Feb. 14.

SALES of America's leading motor manufacturers have plummeted this month as a result of the severe snow-storms and floodings.

General Motors reported a drop in early February sales of 17.9 per cent., from 128,927 in the corresponding period of 1977, to 105,884 cars. Sales for the year to date were 401,048, off 13.7 per cent. from 464,528 cars the year before.

The company, whose shares closed 50c off at $58⅜, denied rumours that price cuts were planned, adding that it and its dealers were "optimistic and expect an early spring upturn in the market."

Chrysler's sales fell 13 per cent. in the February 1-10 period, to 22,819 from 26,315 in the same period a year ago. The new Omni and Horizon model sales continued to set corporate new-model introduction records, however.

Since the beginning of the year Chrysler sales were off 13 per cent. to 94,253 cars from 107,907 in the corresponding 1976 period.

Ford's sales also tumbled, reflecting the severe weather this year and last year's record for the period, which was the end of a dealer contest.

Reuter

SEC seeks delay on ruling

BY JOHN WYLES

NEW YORK, Feb. 14.

THE Securities and Exchange Commission is seeking Congressional approval for an 18-month postponement of a law which would force the securities industry to divide brokerage activities from investment advisory services.

The law was due to come into effect on May 1, but the SEC decided this morning that an 18-month postponement was necessary because of changes which have affected the industry since the law was passed in 1975.

In essence the law would prohibit securities firms from executing orders on an exchange for institutional accounts which they are paid to manage. It was designed to prevent institutions from becoming members of stock exchanges and to prevent the managers of institutional accounts from possibly boosting their trading commissions by unnecessarily trading on behalf of those accounts.

The SEC adopted a more flexible approach in the rules it issued last March which were to administer the law. Among other things, the rules would have allowed securities firms to act as broker and investment adviser providing that they charged only a single annual fee for both services. In addition, institutional investors would have b[een] allowed to join stock exchan[ges] providing trading in their o[wn] accounts was executed by oth[er] members.

A delay in implementing t[he] law will permit the SEC to revi[ew] its requirements in the light [of] probable developments dur[ing] the year aimed at creating [a] national market system. T[he] securities industry is broa[dly] opposed to the new law. Amo[ng] other things it could furt[her] reduce income from institutio[nal] business after the big erosio[n] the last three years caused [by] the abolition of fixed comm[is]sions.

U.S. link for Rhone-Poulenc

BY GEORGE MILLING-STANLEY

MORTON-NORWICH Products Inc. stock fell around $4 to $26 on the New York Stock Exchange yesterday on the news that it had entered into a co-operation agreement with Rhone-Poulenc S.A., France's biggest chemical and textiles group.

The agreement will give Morton, the diversified drugs, household products, chemicals and salts company, the option to select for development and marketing in the U.S. all pharmaceutical compounds discovered and developed by Rhone and its subsidiaries.

As part of the agreement, Morton will sell to Rhone 800,000 shares of common stock at $31 per share for a total of $24.8m.

This stock, plus the 600,000 shares of Morton-Norwich currently owned by Rhone, will bring Rhone's holding to 10.5 per cent. of the 13.4m. shares outstanding.

Under the terms of the agreement, Rhone may acquire additional shares from time to time through open market and privately negotiated purchases, but it has agreed to limit its stake for a period of ten years to 20.5 per cent.

Rhone-Poulenc said that it expects to acquire enough additional shares to bring its interest up to this figure when it considers the price and other conditions to be favourable.

Under the agreement, Rhone will have rights to new Morton pharmaceutical products in France, and the two companies will examine the possibilities of interchange of products in other markets.

In addition, Morton will explore avenues of co-operation in the speciality chemical business, one of its most impor[tant] growth areas.

Two of Rhone's principal e[xe]cutives will sit on the Mort[on] Board.

John W. Simmons, chairm[an,] president and chief executive [of] Morton, said that the $24.8m [to] be realised as a result of t[he] agreement adds to the compan[y's] equity base, strengthens [its] balance sheet and places it [in] a much stronger position to ma[ke] sizeable cash acquisitions a[nd] accelerate internal growth.

Rhone currently operates [in] the U.S. through its Rhodia I[nc.] unit. Total U.S. sales of Rh[one] Pharmaceuticals produced [or] sold under licence in the [U.S.] amount to some $100m. per [year].

Rhone-Poulenc's sales in [1977] were over $4.8bn., while Mor[ton-]Norwich had sales of $800m [in] fiscal 1977.

Crouse-Hinds U.K. purchase

NEW YORK, Feb. 14.

CROUSE-HINDS has "agreed in principle" to acquire Cable Supports, London, and certain affiliates for an unspecified cash amount, the company said to-day.

The agreement is subject to approval by Crouse-Hinds directors and owners of Cable Supports.

Cable Supports manufactures products for electrical industry markets in which Crouse-Hinds is not presently participating. It will be operated as a subsidiary under present management.

Crouse-Hinds now operates a plant at Plymouth which had 1977 sales of more than $10m.

Reuter.

Exxon Alaskan oil share rises

WASHINGTON, Feb. 14.

THE CHAIRMAN of Exxon Corporation, Mr. Clifton C. Garvin, said that Exxon expects its share of Alaskan North Slope Oil to average about 180,000 barrels per day in 1978.

Mr. Garvin told investment analysts here that Exxon's North Slope offtake averaged 124,000 bpd in the 1977 fourth quarter of which about 100,000 barrels went to Exxon's Benicia refinery in California.

He said although Exxon has no plans "to move any significant volume of Alaskan crude through the Panama Canal, we are convinced as (Alaskan) production increases, a pipeline system will be needed to transport Alaskan crude east of the Rockies."

Exxon plans to drill a second well this year at Point Thompson, Alaska, to evaluate the discovery it has made there. The initial well flowed 2,300 barrels per day.

A further find was made at Flaxman Island, seven miles east of Point Thompson. But Mr. Garvin said because North Slope development costs are very high, Exxon will take a closer look to determine whether these prospects are commercial.

Exploratory drilling in the Gulf of Alaska was not encouraging, while Exxon hopes to start production early next year from the Hondo field offshore California.

Exxon's share of North Sea production is expected to rise to about 85,000 barrels a day this year from 40,000 bpd in 1977, as production resumes at the Brent Field sometime during the sec[ond] quarter.

At the end of 1977, Exx[on's] total investment in the North [Sea] was $1.8bn.

The two production platfo[rms] installed offshore Malaysia [last] year are expected to start [pro]ducing by April and by [...] production in the area sho[uld] reach 165,000 bpd.

Mr. Garvin said he is concer[ned] about the Energy Departm[ent] audits which claim Exxon o[ver]charged customers by "sev[eral] hundreds of millions of dolla[rs]."

He argued that the orig[inal] pricing was agreed betw[een] Exxon and the now-defu[nct] Federal Energy Commission [and] the new rules being applie[d by] the Energy Department [should] not be retroactive.

Reuter

Oscar Mayer optimistic

CHICAGO, Feb. 14.

OSCAR Mayer expects higher fiscal 1978 earnings despite a first quarter decline, chairman Mr. P. Goff Beach told the annual meeting.

Earlier to-day the company reported earnings for the first quarter ended January 28, fell to 44 cents a share from 54 cents a year earlier. For all of fiscal 1977, the company earned $2.43 a share.

President Jerry M. Siegel said the current price of hogs to the company is about 18 per cent. higher than a year ago but added that he expects somewhat lower raw material prices as hog supplies increase in the remaining three quarters of fiscal 1978.

Fiscal 1978 capital spending is budgeted at about $47m. against $32m. last year.

Stockholders approved an increase in authorised common to 20m. shares from 16m. of which about 14.5m. are outstanding. The additional shares are needed for future acquisitions but there are "no negotiations under way at present."

Reuter

Anaconda Canada sold for $22m.

NEW YORK, Feb. 13.

THE ANACONDA company will sell all the shares of its Anaconda Canada subsidiary to Automotive Hardware of Toronto for $21.5m.

The purchase by Automotive Hardware is subject to formal agreement which is itself subject to various adjustments and conditions and the exclusion of certain Anaconda mining properties.

Anaconda Canada is the largest Canadian manufacturer of copper and copper alloy sheet, strip, tube, rod and wire products. Production facilities are located in metropolitan Toronto. It has been on offer for sale for more than a year.

Mr. Irwin Goldhart, president of Automotive Hardware, a publicly-owned Canadian Corporation stated that the agreement will be particularly conditional on the negotiation of a satisfactory new labour contract with United Auto Workers Local 339 in Toronto. He also said his company intends to continue the existing Brass Mill operations in Toronto.

Anaconda is a wholly owned subsidiary of Atlantic Richfield.

Reuter

Slow start for Sun Life move

MONTREAL, Feb. 14.

SUN LIFE Assurance of Can[ada] president, Mr. Thomas Galt, [said] the company's proposed mov[e to] Toronto from Montreal will [...] involve large numbers of pe[ople] for at least two years.

Mr. Galt told the annual m[eet]ing that no decisions have b[een] made on what percentage of [Sun] Life's 1,800 head office [em]ployees will be moved.

The company has schedule[d an] April 25 meeting in Toront[o to] allow policy holders to mak[e a] proxy vote on the proposed m[ove].

Reuter

AEP unit sues government

ROANOKE, Feb. 14.

APPALACHIAN POWER, a subsidiary of American Electric Power (AEP), has filed suit in U.S. Court of Claims against the U.S. Government due to the 1976 nullification of its Federal licence for its proposed Blue Ridge Project.

The project would have been a 1.8m. kilowatt combination pumped-storage and hydro-electric development on the New River in Virginia.

The suit alleges the act designating portions of the river in North Carolina as part of the National Wild and Scenic River System in 1976 took from it the right to develop "one of the best remaining dam sites in the eastern U.S." in violation of the Fifth Amendment.

Reuter

U.S. QUARTERLIES

AMF INC.

Fourth Quarter	1977 $	1976 $
Revenue	307.2m.	298.1m.
Net profits	8.1m.	7.5m.
Net per share	0.41	0.40
Year		
Revenue	1.2bn.	1.1bn.
Net profits	42.7m.	40.3m.
Net per share	2.16	2.05

CAMPBELL TAGGART INC.

Year	1977 $	1976 $
Revenue	787.4m.	743.2m.
Net profits	25.9m.	23.0m.
Net per share	2.40	2.13

CONGOLEUM CORP.

Fourth Quarter	1977 $	1976 $
Revenue	124.1m.	76.8m.
Net profits	8.7m.	5.0m.
Net per share	1.13	0.63
Year		
Revenue	388.6m.	284.8m.
Net profits	24.7m.	*2.2m.
Net per share	3.20	†

* Loss. † Unreported.

DRESSER INDUSTRIES INC.

First Quarter	1978 $	1977 $
Revenue	667.0m.	630.7m.
Net profits	38.6m.	30.8m.
Net per share	0.99	0.79

B. F. GOODRICH

Fourth Quarter	1977 $	1976 $
Revenue	540.8m.	510.3m.
Net profits	5.9m.	22.8m.
Net per share	0.37	1.53
Year		
Revenue	2.22bn.	2.0bn.
Net profits	60.1m.	15.8m.
Net per share	3.97	0.95

GOODYEAR TIRE

Fourth Quarter	1977 $	1976 $
Revenue	1.7bn.	1.5bn.
Net profits	42.4m.	54.2m.
Net per share	0.59	0.75
Year		
Revenue	6.6bn.	5.8bn.
Net profits	205.8m.	120.6m.
Net per share	2.85	1.167

HANES CORP.

Fourth Quarter	1977 $	1976 $
Revenue	115.1m.	[illegible]
Net profits	6.4m.	[illegible]
Net per share	1.50	[illegible]
Year		
Revenue	414.2m.	[illegible]
Net profits	20.8m.	[illegible]
Net per share	4.87	[illegible]

KERR-McGEE

Fourth Quarter	1977 $	1976 $
Revenue	505.8m.	[illegible]
Net profits	26.6m.	[illegible]
Net per share	1.03	[illegible]
Year		
Revenue	2.16bn.	[illegible]
Net profits	119.2m.	[illegible]
Net per share	4.61	[illegible]

SQUIBB CORP.

Fourth Quarter	1977 $	1976 $
Revenue	362.8m.	[illegible]
Net profits	[illegible]	[illegible]
Net per share	[illegible]	[illegible]
Year		
Revenue	1.3bn.	[illegible]
Net profits	112.3m.	[illegible]
Net per share	2.50	[illegible]

INTERNATIONAL FINANCIAL AND COMPANY NEWS

EUROPEAN NEWS

Amsterdam options quote for nine U.K. companies

BY MARGARET REID

...on the shares of nine companies, three each ...ain, Holland, and the ... be dealt in when the ...erdam-based European Exchange — the first ... venture in traded ...ons—opens on April 4. ...itish companies are ... Chemical Industries, ...etroleum and one ... to be settled. The ...erns are Unilever NV, ...tch Petroleum, and ...mp; and the U.S. ones ... General Motors, and ...odak.

...ief list reflects the ... the Dutch to launch ...arket — modelled on ...ctive Chicago Board ...xchange — cautiously. ...ems likely that the ...f stocks in which ...e dealt in will rise ...er a month or two.

It has been estimated that the figure could grow to 70-80 after a year if all goes well. Contrary to initial expectations, no options in German shares will be traded at the outset.

In a traded options market, investors can not only buy options to purchase shares within a specified future period at set prices, but can trade in the options themselves.

Three foreign members, one British, one American and one French, are expected to be appointed very shortly to the Council of the European Exchange.

Britain's Stock Exchange is actively preparing its own project for trading in share options —a scheme many hope will be launched little, if any, later than the Dutch venture. But plans for the British scheme are not as complete as those for the Dutch project.

The three top men in the Options Clearing Corporation of the U.S. — which clears and organises options business on the Chicago exchange and four other U.S. options markets—have been in London for the past two days talking to the Stock Exchange and others.

One topic they are likely to discuss is the possibility of an arrangement between the U.S. corporation and the European exchange's European Options Clearing Corporation to enable options in U.S. shares to be cleared as though through a single market.

Last year's action by the U.S. regulatory authority, the Securities and Exchange Commission, to halt the development of U.S. share-option trading while it conducted various investigations may inhibit immediate developments on this front.

VFW-Fokker sees small profit

BY CHARLES BATCHELOR AMSTERDAM, Feb. 14.

...ER, the troubled ...an aircraft maker, ...make a small profit ...ow that production of ...14 short-haul jet has ...l. But shareholders ...ly have to wait for ...payment until the ...overnment loan of ...as been repaid and ...0m. write-down of ...s been made good. ...e-maker has not yet ... 1977 loss, but this is ... be higher than the ...4m.) in 1976. The ...st made a profit of ... 1975.

...ker ceased production ...V-614 at its Bremen ... December, because of the plane's poor sales performance. Only 16 have been sold since production began in 1974, compared with a break-even volume of 250.

In spite of the poor performance of the past few years, prospects for VFW-Fokker are good, the Board told an extraordinary shareholders meeting in Amsterdam. The F-16 fighter programme will provide many years' work, and there are signs that the Airbus project is making a break-through in the U.S.

Mr. Gerrit Klapwijk, the company's executive chairman, said that there are no plans to split the Dutch and German halves of the company. However, the Board is in favour of talks aimed at co-operation with the German aerospace company, Messerschmitt-Boelkow-Blohm.

Amro profits up 15%

AMSTERDAM - Rotterdam Bank (Amro) Holland's third largest banking group, has announced a rise of 15.3 per cent. in net profits in 1977 to Fls.212.5m. ($94.6m.)

This compares with the 14.2 per cent. rise to Fls.184.2m. in 1976.

Amro proposes increasing its final dividend to Fls.2.50 per Fls.20 nominal share from Fls.2.30 last time. This brings the total 1977 dividend to Fls.4.70, compared wth Fls.4.50.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

	Bid	Offer
...a 8½pc 1989	96½	97
...7	[illegible]	97½
...1992	98	97½
...S 9½pc 1992	96½	99
...8¾pc 1992	97	97½
...1992	97½	96½
...ly 8¾pc 1986	97	97½
...8¾pc 1983	97½	98½
...1984	99½	100½
[illegible]	[illegible]	98½
[illegible]	96½	97½
[illegible]	98½	99
[illegible]	98½	98½
...1998	95½	97
...Nov.	100½	101½
...er 8¾pc 1984	98½	100
...c 1992	101	101½
...9pc 1992	96½	96½
[illegible]	96½	97½
...8pc 1986	102½	103½
...del 9pc 1992	96½	97½
...on 9½pc 1991	102½	103
...1983	101½	103½
...n 8½pc 1992	97½	98
...Bd. 9pc 1997	94½	95½
...Astr. 9pc '86	102	103½
...9pc 1990	99½	100½
...k. 8½pc 1992	94	96½
[illegible]	95½	96½
...9pc 1992	95½	96½
[illegible]	100½	101
...s 9pc 1991	93½	99½
...9pc 1993	93½	99½
...8½pc 1986	99½	100½
...nal 9pc '87	[illegible]	99½
[illegible]	99½	95
...8½pc 1989	91½	92½
...9pc 1991	95½	96½
[illegible]	97½	99½
...8½pc 1987	95½	96½
...9pc 1989	96½	96½
...March	93½	93½
...1984	95	95½
...ge 1987	94	94½
...Bd. 7¾pc '83	93½	94½
...1984	99	99½
...5pc 1986	98	98½
[illegible]	[illegible]	98½
[illegible]	99½	97½
[illegible]	[illegible]	97½
[illegible]	96½	97
...pc 1991	96½	97½
...1983	98	96½
...87	97½	94½
...1983	99½	100½

	Bid	Offer
Montreal Urban 8½pc 1991	100½	101
New Brunswick 8pc 1984	97	97½
New Bruns. Prov. 8¾pc '83	101½	102
New Zealand 8½pc 1986	97½	98½
Nordic Inv. Bank 7½pc 1984	95½	96
Norsk Hydro 7½pc 1982	97½	98
Norway 7½pc 1982	96½	97
Ontario Hydro 8pc 1987	95½	96
Singer 8½pc 1982	100½	101½
S. of Scot. Elec. 8½pc 1981	99½	100½
Sweden (K'dom) 7½pc 1982	97	97½
Swedish State Co. 7½pc '82	96½	97½
Telmex 9½pc 1984	98½	99½
Tenneco 7½pc 1987 May	93½	93½
Volkswagen 7½pc 1987	93½	94
STERLING BONDS		
Courtaulds 9½pc 1989	98	99½
ECS 9½pc 1989	99	99½
EIB 9½pc 1988	[illegible]	100
EIB 9½pc 1992	98	98½
Finance for Ind. 9½pc 1987	99½	99½
Fisons 10½pc 1987	100	101
INA 10pc 1988	95½	96½
Rowntree 10¾pc 1988	96½	99½
Sears 10½pc 1988	99½	99½
Total Oil 9½pc 1984	97½	98½
DM BONDS		
Austria 6½pc 1985	107	107½
BFCE 7pc 1987	104½	105
Denmark 6½pc 1983	103½	104½
EIB 6½pc 1984	106	106½
Grand Met. 7pc 1984	103	103½
Hydro-Quebec 6¾pc 1987	102½	103½
ICI 6½pc 1987	105	105½
Montreal 7pc 1987	103½	103½
Norges Gas 7pc 1989	107½	105½
Norsk Hydro 6½pc 1989	104½	105½
Norway 6½pc 1982	104	104½
Shell 6½pc 1989	103	105½
Spain 6½pc 1984	102	102½
Sweden 6½pc 1984	103½	106
World Bank 6½pc 1977	104	104½
FLOATING RATE NOTES		
Bank of Tokyo 1984 7 15/16pc	99½	99½
BFCE 1984 7pc	98½	99
BNP 1983 7pc	99½	100½
CCF 1983 8pc	99½	99½
CGMF 1984 7¾pc	98½	99½
Creditanstalt 1984 7¾pc	99½	99½
Credit Lyonnais 1982 8pc	99½	99½
DG Bank 1982 7 15/16pc	99½	100½
GZB 1981 7¾pc	100½	100½
Intl. Westminstr. '84 7 15/16pc	99½	100½

	Bid	Offer
Lloyds 1983 7½pc	100½	100½
LTCB 1983 8pc	98½	99½
Midland 1982 8pc	101½	101½
Midland 1987 7 11/16pc	98½	99½
OKB 1983 7½pc	99½	100
SNCF 1985 8¾pc	98½	98½
Stnd. and Chtd '84 7 11/16pc	98½	99½
Wms. and Glyns 1984 7pc	99½	100½
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4¾pc '87	81	83
Ashland 5pc 1988	89	91
Babcock & Wilcox 6½pc '97	94½	93½
Beatrice Foods 4½pc 1992	94½	96½
Beatrice Foods 6½pc 1992	102	104
Beecham 6½pc 1992	97½	98½
Borden 5pc 1992	100	102
Broadway Hale 4½pc 1987	76	78
Carnation 4pc 1987	77½	79½
Chevron 5pc 1988	120½	122½
Dart 4½pc 1987	79	81
Eastman Kodak 4½pc 1988	82	84
Economic Labs. 4½pc 1987	78½	80½
Firestone 5pc 1988	83½	82½
Ford 5pc 1988	82½	84½
General Electric 4½pc 1987	80	82
Gillette 4½pc 1987	76½	78½
Gould 5pc 1987	114½	116½
Gulf and Western 5pc 1988	78½	80½
Harris 5pc 1992	136½	138½
Honeywell 6pc 1986	85½	87½
ICI 6½pc 1992	87	88
INA 6pc 1997	93	94½
Inchcape 6½pc 1992	104	103
ITT 4½pc 1987	76	78
Jusco 5pc 1992	104½	103½
Komatsu 7½pc 1990	113	114
J. Ray McDermott 4¾pc '87	151½	153½
Matsushita 6½pc 1990	126½	127½
Mitsui 7½pc 1990	109½	107½
J. P. Morgan 4½pc 1987	94½	98½
Nabisco 5½pc 1988	100½	102½
Owens Illinois 4½pc 1987	113½	115½
J. C. Penney 4½pc 1987	75½	77½
Revlon 4½pc 1987	104½	106½
Reynolds Metals 5pc 1988	84	86
Sandvik 6½pc 1988	103½	107
Sperry Rand 4½pc 1987	82½	84½
Squibb 4½pc 1987	78½	80½
Texaco 4½pc 1988	79½	78½
Toshiba 6½pc 1992	101½	102½
Union Carbide 4½pc 19..	91	93
Warner Lambert 4½pc 1987	80	82
Warner Lambert 4½pc 1988	74	76
Xerox 5pc 1988	77½	79½
Source: Kidder, Peabody Securities		

Tindemans plan for Fairey subsidiary

BY DAVID BUCHAN BRUSSELS, Feb. 14.

BELGIAN Prime Minister Leo Tindemans last night proposed the setting up of a new company to take over the major part of Fairey's bankrupt Belgian subsidiary, Fairey S.A., in which the State would take 45 per cent. of the equity and four private Belgian companies the majority.

Total capitalisation of the new company, yet to be named, would be B.Frs.100m. ($3m.) with the State advancing another B.Frs.542m. in short and long term loans to get the new company off the ground and secure its future.

But Mr. Tindemans' proposal, which has yet to be accepted by the Belgian court liquidators, is only for the military division of the Fairey plant in southern Belgium. Its main activity is subcontracting and assembly work on the big F-16 aircraft contract, which Belgium and three other European countries have signed with General Dynamics of the U.S.

It does not cover the assets of the civil aviation division, which until last summer, was making Islander and Trislander aircraft in conjunction with the now defunct Fairey group's Isle of Wight subsidiary, Britten Norman. It was the financial problems of this division that caused the U.K. Fairey group to call in a British receiver last autumn. Subsequently, most of its non-aviation assets were sold off to the U.K. National Enterprise Board.

The future of the civil division, which employs 600 of the total 1,600 Fairey S.A. workforce, is still under discussion between the Belgian court at present controlling the management of the Belgian company, and the receiver for Fairey in the U.K., Sir Charles Hardie. The Government-owned Short Brothers of Belfast originally offered some £15m. for both the Belgian and Isle of Wight ends of the Islander-Trislander production line, and there are understood to have been other offers. But none has yet been accepted by the British receiver.

The shareholders in the proposed new Belgian company—the Belgian Government, plus Fabrique Nationale, Sabca, SAIT and Cartonnex—are not keen to continue making civil aircraft, unless new work can be found to replace the Islander-Trislander line. A Belgian minister is to visit various American companies, including Grumman Corporation, later this month to try to get additional equity participation in the new company and some more work for the Belgian plant.

Fairey Company sources, however, to-day warned that prospects did not look good for the civil division, and workers might soon have to be laid off. Prime Minister Tindemans also made it clear last night that his Government had only intervened to save the F-16 fighter aircraft project. He said that once the F-16 is finished (which will not be until 1987), "we will take another look."

The overriding concern of the Government here has been to assuage the growing fears of the main contractor for the F-16, General Dynamics, that Fairey S.A. might default on the large amount of F-16 work it has been given. The value of the F-16 contract to Fairey has been put at $100m., at 1975 prices.

The Government is now holding out the possibility of giving the new company more defence work, in addition to the F-16, but Fairey officials complained that the private shareholders would bring nothing to the new company. Fabrique Nationale, which only makes aero engines, and SABCA, partly owned by Dassault, do not apparently plan to shift any production, while SAIT is an electronics firm and Cartonex a cardboard maker.

Decline at Greatermans

BY RICHARD ROLFE JOHANNESBURG, Feb. 14.

THE RETAILING group Greatermans Stores, which has about 240 outlets in South Africa covering a wide spectrum of trading, has reported a further sharp fall in profitability for the 26 weeks to end-December and has cut its interim dividend from 11.5 cents to 5 cents. The shares fell 50 cents in Johannesburg to-day to 180 cents, and seem likely to remain an unsettled market until signs of improvement materialise.

Trading profit fell from R2.4m. to R1.5m., but higher associates' profits confined the fall at the pre-tax level to R0.3m., from R2.7m. to R2.5m. The tax charge, however, remains at a high level because losses in the department and discount stores cannot be offset against profits elsewhere in the group. Tax has therefore absorbed 58 per cent. of pre-tax profits against 65 per cent. in the past full year.

Earnings per share in the latest half-yearly period were down from 16 cents to 9 cents, and compare with 23 cents for the last full year to June 30. For that year, however, 36 cents was paid in total dividends; and the implication of the reduced interim seems to be that the group will not pay any dividends out of reserves in the current year, at least unless there is an improvement in trading in sight.

With net worth of 790 cents in the last balance sheet, the group remains a classic asset situation, but control is firmly held by the Herber family. The chairman, Mr. Norman Herber, denied rumours to-day that control of the group was for sale, but indicated that with reduced losses in the department stores and at the Rave discount chain it was hoped to achieve a gradual improvement in profitability.

But retail sales remained at a low ebb, and throughout the sector trading conditions are difficult. Results for the second half are forecast to depend on the winter season, with high potential replacement demand if the climate is cold.

Faber Merlin ahead at halfway

HIGHER half-year results are announced by Faber Merlin Malaysia Bhd., the hotel and property group whose shares were granted a requotation last month by the stock exchanges of Singapore and Kuala Lumpur, reports Reuter.

Group pre-tax profit amounted to ringgits 2.34m. ($989,000) for the six months ended December 31, against ringgits 2.28m. for the corresponding period of 1976. Turnover was ringgits 26.7m. ($11.3m.), against ringgits 24.05m.

JAPANESE TEXTILES
Regrouping in progress

BY YOKO SHIBATA IN TOKYO

THE REGROUPING of Japan's ailing synthetic fibre manufacturers has accelerated recently after a long standstill. Asahi Chemical Industry, Japan's top synthetic staple fibre maker, and Kanebo, a leading spinner, have agreed to set up a joint sales company for acrylic staple fibre. Almost simultaneously Teijin, the largest polyester maker, and Unitika, the second largest nylon producer, have announced that both companies will shortly hold talks on setting up a joint sales company for polyester and nylon.

A similar joint venture was inaugurated last November by Mitsubishi Rayon, and Toyobo. The remaining two companies out of the eight majors, namely Toray, a top manufacturer of synthetic fibres, and Kuraray, are expected to announce a similar tie-up.

The Japanese synthetic fibre industry has been hit by a serious structural recession caused by dull domestic demand and the incursion by South Korea, Taiwan, and other developing nations whose production costs are around 30 per cent. less than those of Japan. Japanese makers are also burdened by naphtha prices, which have been set politically high, partly in order to allow the price of kerosene to remain cheap. The price of naphtha in Japan is about 20 per cent. higher than in other textile-producing nations.

According to Ministry of International Trade and Industry (MITI), Japanese synthetic fibre production capacity is about 30 per cent. in excess of present real demand. This has resulted in excess competition among makers.

In the face of to-day's unprecedented recession, the chairman of Japan Chemical Fiber Association (JCFA), Mr. Kagayaki Miyazaki (who is also president of Asahi Chemical) made a proposal for regrouping of the synthetic fibre industry based on the principle of "survival through co-operation rather than inviting extinction through heavy competition." His proposal for regrouping caused a stir among synthetic fibre makers who were already keenly aware of Japanese industry's lag in structural improvement.

Since then there has been much talk of business co-operation between Asahi and Kanebo, Teijin and Unitika, etc. However, the only project which has actually gone ahead is the Mitsubishi-Toyobo's joint sales company. Moves towards integration have been handicapped by the corporate pride of the fibre makers based on their consciousness of the glorious past as a member of what was once one of Japan's leading industries.

In order to pull the synthetic fibre industry out its prolonged recession, MITI introduced a production guideline for each company starting the fourth quarter of the last year. This has been extended to the end of March because so far there has been no significant improvement in the industry. MITI at the same time instructed 15 major synthetic fibre producers to submit by the end of March plans to scrap 30 per cent. of total capacity of three major fibres: polyester, acrylic and nylon. MITI'S production curtailment since last October had helped to stabilise the polyester market, but encouraged a flood of Korean and Taiwan polyester imports.

Japan's synthetic fibre exports last year were still running $1bn. ahead of Japan's imports. This situation could change rapidly, however, with the recent rapid increase of polyester imports from Taiwan and Korea. Things are already bad enough for the JCFA to be contemplating an application for the imposition of dumping charges against Korean and Taiwanese imports.

Worse still, the recent rapid rise in the value of the yen has undermined the profitability of synthetic fibre sales, which account for about 50 per cent. Most makers have been operating deficits in exports since around last September. The yen appreciation, in fact, has forced the industry to decide in favour of regrouping.

According to MITI, co-operation in the establishment of joint sales companies can do no more than diminish excess competition in the industry—it will not solve its basic problems. The basic need is to restore international competitiveness which MITI plans to achieve by reforming the industry into three integrated groups.

As for the scrapping of excess capacity, MITI plans to help the industry to form a company which will buy up excess equipment from individual makers. The scrapping of excess capacity in the industry is estimated to cost around Y200bn. ($829.5m.).

Apart from dull domestic demand, Japan's synthetic fibre industry has been hit by incursions from South Korea, Taiwan and other developing nations, where production costs are around 30 per cent. lower than in Japan. Measures to counteract this are now accelerating, with leading Japanese manufacturers planning major regroupings.

WALL STREET + OVERSEAS MARKETS

Off 9 on dollar and economic fears

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Feb. 14.

CONFRONTED BY forecasts of an economic slump later this year, the renewed weakness of the dollar, and the impact of the U.S. coal strike on the economy, Wall Street moved sharply lower to-day in active trading.

The Dow Jones Industrial Average fell 9.27 more to 765.16 and the NYSE All Common Index retreated 43 cents further to $49.47, while losses outscored gains by 999 to 387. Turnover amounted to 20.47m. shares, up 3.66m. from the total for yesterday when trade was limited by the Lincoln's birthday Bank holiday.

Chrysler and Ford stated that the coal strike could completely halt their production, while General Motors said continuation of the strike and resulting coal shortages at electric utilities could force some production cutbacks.

Better-than-expected U.S. weekly retail sales, reported to-day by the Commerce Department, failed to halt the stock market slide.

Morton-Norwich fell sharply by 4½ to $26 after trading resumed—it has signed an agreement with **Rhone-Poulenc**, of France, under which it will sell 800,000 shares of its Common stock at $31 each for a total of $24.8m. This will raise the French concern's holdings in Morton-Norwich to 10.5 per cent.

Motor issues were hit by a slump in early February car sales. General Motors, with sales down nearly 18 per cent., declined ½ to $58½, while **Ford Motor** were down ½ at $42 on a 21 per cent. sales decline.

THE AMERICAN SE Market Value Index was 0.74 weaker at 123.67 following another moderate business. Volume 2.46m. shares (2.36m.).

TUESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Howard Johnson	452,300	[illegible]	[illegible]
Armstrong Cork	377,700	16	[illegible]
Am. Finance System	305,000	[illegible]	[illegible]
Pepsico	256,200	[illegible]	[illegible]
Archer-Daniel Midl.	224,800	[illegible]	[illegible]
Warnaco	[illegible]	6	[illegible]
Digital Equipment	[illegible]	[illegible]	[illegible]
Savin Bus. Machine	[illegible]	[illegible]	[illegible]
Mesa	[illegible]	[illegible]	[illegible]
U.S. Steel	175,500	[illegible]	[illegible]

The dollar fell sharply in Europe following failure of Treasury Secretary Blumenthal to convince West Germany to step up economic growth.

OTHER MARKETS

Canada lower

Stocks on Canadian Markets were also predominantly lower yesterday after moderate activity. The Toronto Composite Index declined 3.1 more to 1,010.5, while Oils and Gas receded 14.8 to 1,324.1, Metals and Minerals 3.4 to 812.8, and Utilities 0.49 to 160.41. Golds, strong of late on rising Bullion prices, reacted 11.0 to 1,364.5, but Banks improved afresh by 2.02 to 244.16.

Westinghouse Canada gained ¼ at $24 on an increased dividend and higher earnings, but **Ford Canada** fell 5½ to $75 after reporting sharply lower profits.

PARIS—Prices showed a bias to higher levels in thin trading.

Foods, Constructions and Electricals firmed, while Banks, Financial Institutions, Metals and Oils were steady.

Motors, Engineerings and Rubbers were mixed.

Carrefour recovered 14 to Frs.1,218, while **Pernod-Ricard** gained 5.3 at Frs.199.1 and **BSN Gervais Danone** 6.5 to Frs.539.5.

BRUSSELS—Local issues continued to move irregularly.

Union Miniere advanced 18 to B.Frs.728, **Vieille Montagne** 24 to B.Frs.1,350, and **Arbed** 50 to B.Frs.2,185, but declines of 30 were seen in **Electrobel**, B.Frs.6,120, and **Petrofina**, B.Frs 4,045.

AMSTERDAM — Losses were again in the majority.

Unilever receded Fls.1.30 and **Royal Dutch** Fls.0.90 among Dutch Internationals.

Elsewhere, **HVA** shed Fls.1.80, but **Elsevier** added Fls.6 and **Pakhoed** Fls.0.80.

GERMANY—Shares lost ground across a broad front, with uncertainty on the Foreign Exchange markets keeping trading thin.

Daimler and **Volkswagen** declined DM3 apiece in Motors. **Demag** and **MAN** each receded DM4, while **Gutehoffnungshuette** fell DM16.30 and **Deutsche Bank** DM2.60.

Public Authority Bonds were mixed, with gains ranging up to 30 pfennigs and losses extending to 15 pfennigs. The Regulating Authorities sold DM4.5m nominal of paper (DM3.5m.). Mark Foreign Loans were steady.

SWITZERLAND—Market remained active, although prices showed no set trend after recent strength.

Among mixed Banks, **Credit Suisse** rose 40 to Sw.Frs.2,490, while **Hypo Winterthur** were also actively higher, but Insurances generally eased. **Schindler** moved ahead 13 to Sw.Frs.345 in Financials.

Domestic and Foreign Bonds improved afresh in moderately active dealings.

SPAIN—Stocks generally slipped further, leaving the General Index 0.70 weaker at a new 1978 low of 93.80. Utilities continued to give ground after recent buying, with liquidations believed to be connected with tax returns season. Elsewhere, Astilleros was a firm exception, recovering 1½ points more to 25½.

MILAN—Following recent good showing, stocks reacted in a moderate business.

Montedison non-Gemina shares, however, jumped 11 to L162 on technical buying factors ahead of the unification of the two Montedison share quotes at the end of this week, but Montedison Gemina shares fell 4.6 per cent. in line with the general market weakness.

Snia Viscosa lost 34 to L666 and **Fiat** 27 to L1,960.

HONG KONG — Shares were lower in a very quiet business.

There was some selling of **Hong Kong Bank**, which lost 20 cents to $HK17.20, while **Hutchison Whampoa** shed 2.5 cents to $HK3.525. **Jardine Matheson** 10 cents to $HK12.40, and **Wheelock** 5 cents to $HK2.125.

TOKYO — Market mainly lost ground, with the Nikkei-Dow Jones Average slipping 22.07 to 5,136.23. Volume 270m. shares (230m.).

Electricals, Vehicles and Precision Instruments declined in the wake of **Toyota Motor**, which receded Y7 to Y862 despite announcing on Monday a dividend increase.

Shares of concerns having business relations with China also hardened, reflecting the planned *signing of a Japan-China trade agreement in Peking.*

JOHANNESBURG — Golds continued to edge forward in fairly quiet trading on rising Bullion prices.

Financial Minings were higher, in line with producers, while other Metals and Minerals were narrowly mixed in modest trading. Strong overseas demand arose for Platinum issues, **Rustenburg** adding 11 cents at R1.73.

Industrials were easier-inclined in slack conditions. **Greatermans Stores** fell 30 cents to R1.90.

AUSTRALIA—Share prices displayed an easier bias yesterday.

BHP shed 2 cents to $A5.48 and **CSR** lost 4 cents more to $A2.80. **ANZ** reacted 3 cents to $A3.37 in mainly dull Banks, but **BNS Wales** added 4 cents more at $A3.38.

Among Mining issues, **CRA** retreated 6 cents to $A2.65 and **MIM** came back 3 cents to $A1.69, but **Pancontinental** rose 60 cents to $A11.20 and **Renison Tin** 10 cents to $A8.80. **Central Norseman** improved 20 cents further to $A8.60 in Golds.

Indices

NEW YORK—DOW JONES

	Feb. 14	Feb. 13	Feb. 10	Feb. 9	Feb. 8	Feb. 7	1977-78 High	1977-78 Low	Since compilat'n High	Since compilat'n Low
Industrial	765.16	774.43	775.26	777.81	782.62	774.85	999.75 (3/1/77)	756.44 (26/1/78)	1051.70 (11/1/73)	41.22 (2/7/32)
H'meB'nds	89.84	89.77	89.79	89.86	89.84	89.79	93.37 (7/9)	88.35 (25/1/78)	—	—
Transport	207.58	208.68	212.85	[illegible]	214.55	213.48	246.64 (16/5)	199.80 ([illegible])	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	104.85	104.97	105.65	105.62	106.12	105.81	118.67 (22/2/77)	104.55 (14/2/78)	163.32 (20/4/69)	10.50 (28/4/42)
Trading vol. 000's	20,470	16,810	[illegible]	17,940	[illegible]	14,750				

*Basis of index changed from August 24.

	Feb. 10	Feb. 3	Jan. 27	Year ago (approx.)
Ind. div. yield %	5.94	5.98	6.02	4.45

STANDARD AND POORS

	Feb. 14	Feb. 13	Feb. 10	Feb. 9	Feb. 8	Feb. 7	1977-78 High	1977-78 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	98.01	89.91	99.12	89.40	100.01	99.49	118.92 (3/1/77)	97.47 (27/1/78)	154.64 (11/1/73)	3.52 (30/6/32)
Composite	89.04	89.56	90.05	90.30	90.35	90.55	107.00 (3/1/77)	88.58 (26/1/78)	125.85 (11/1/73)	4.40 (1/6/32)

	Feb. 8	Feb. 1	Jan. 25	Year ago (approx.)
Ind. div. yield %	5.17	5.22	5.28	3.99
Ind. P/E Ratio	8.77	8.69	8.65	10.85
Long Govt. Bond yield	8.20	8.18	8.20	7.64

N.Y.S.E. ALL COMMON

Feb. 14	Feb. 13	Feb. 10	Feb. 9	1977-78 High	1977-78 Low
49.47	49.90	50.01	50.11	57.07 (4/1/77)	49.06 (27/1/78)

Rises and Falls

	Feb. 14	Feb. 13	Feb. 10
Issues traded	1,830	1,826	1,823
Rises	387	558	649
Falls	999	796	724
Unchanged	444	472	450
New Highs	9	24	31
New Lows	66	35	36

MONTREAL — Industrial, Combined

TORONTO — Composite

JOHANNESBURG — Gold, Industrial

Australia, Belgium, Denmark, France, Germany, Holland, Hong Kong, Italy, Japan, Singapore, Spain, Sweden, Switzerl'd

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.

♦ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and or rights issue. k After local taxes. m % tax free. n Francs, including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. ‡ Traded. § Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

OVERSEAS SHARE INFORMATION

Inv. $ Prem. at $2.60 to £—78½% (78½%). Effective rate (at 1.9355) 32½% (32½%)

NEW YORK

CANADA

GERMANY ♦

AMSTERDAM

COPENHAGEN ♣

VIENNA

TOKYO ¶

Source Nikko Securities Tokyo.

BRUSSELS/LUXEMBOURG

SWITZERLAND ●

MILAN

AUSTRALIA

PARIS

STOCKHOLM

BRAZIL

OSLO

JOHANNESBURG

SPAIN ▼

+ FOREIGN EXCHANGES

£ and $ weak

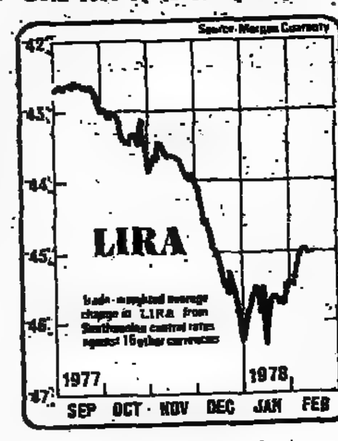
Sterling and the U.S. dollar were generally weak in the foreign exchange market yesterday, with both currencies requiring support by central banks to steady their decline. Disappointment over the inconclusive results of recent monetary meetings in Europe contributed to the pressure on the dollar. The authorities in Germany and Switzerland intervened to help the dollar as the D-mark touched a high point of DM2.0790, and the Swiss franc, a best level of Sw.Frs.1.9085. Closing rates against the dollar were DM2.0860 and Sw.Frs.1.9187½.

The dollar's trade-weighted depreciation since the Washington Currency Agreement of December, 1971, as calculated by Morgan Guaranty, widened to 4.69 per cent. from 4.43 per cent. on Friday. The dollar's index, on Bank of England figures, fell to 91.2 from 91.5.

Sterling opened at $1.9445-1.9455, and touched a best level of $1.9480-1.9490 as the dollar declined against major currencies in general. Nervousness ahead of publication of the U.K. trade figures probably prompted some support for the pound from the Bank of England, as the rate against the dollar fell to around $1.9400.

Further support followed news that the January trade figures were worse than expected, but sterling was allowed to fall to $1.9345-1.9355, before rising slightly at the close to $1.9355-$1.9365, a fall of 40 points on the day. The pound's index, as calculated by the Bank of England, fell to 66.0 from 66.3, after standing at 66.0 at noon and 66.3 in early trading.

Gold rose $¼ to $176¾-177¼.



CURRENCY RATES

	Special Drawing Rights February 14	European Unit of Account February 14
Sterling	0.627191	0.634910
U.S. dollar	1.21650	1.23244
Canadian	1.35830	1.36850
Austria sch.	18.1958	18.4171
Belgian franc	38.4665	39.8835
Danish krone	6.94600	7.04205
Deutschemark	2.53176	2.56671
Dutch guilder	2.71401	2.74996
French franc	5.87691	5.95596
Italian lira	1043.88	1057.63
Japanese yen	293.481	296.218
Norway krone	6.58509	6.69628
Spain peseta	97.9753	99.2330
Swedish krone	5.67193	5.74640
Swiss franc	2.32802	2.36141

EXCHANGE CROSS-RATES

Feb. 14	Frankfurt	New York	Paris	Brussels	London	Amst'dam	Zurich
Frankfurt	—	[illegible]	43.00-12	[illegible]	4.038-48	93.30-40	108.65-76
New York	47.82-86	—	20.62-64	3.0976-725	1.9350-9370	44.65-67	52.06-10
Paris	231.8-2.3	4.825-837	—	14.282-916	9.3685-3885	216.30-80	251.86-2.36
Brussels	16.55-59	32.41-46	6.68-72	—	63.33-63.00	14.61-64	16.89-96
London	4.03-4.04	1.9355-65	9.38-40	62.75-85	—	4.32-33	3.71-72
Amst'dam	107.1.95-146	2.197-2322	46.15-20	[illegible]	4.3216-3326	—	116.606-666
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—

U.S. $ in Toronto U.S. $=114.46 Canadian cents. Canadian $ in New York = 86.76-78 cents. U.S. $ in Milan 868.20-80. Sterling in Milan 1665.00-1666.00.

EURO-CURRENCY INTEREST RATES*

Euro-French deposit rates: two-day 10-11 per cent.; seven-day 12½-13½ per cent.; one-month 13½-14 per cent.; three-month 14½-14½ per cent.; six-month 13½-14 per cent.; one year 13½-13½ per cent.

Long-term Eurodollar deposits: two years 7¼-7½ per cent.; three years 7¾-8 per cent.; four years 8¼-8½ per cent.; five years 8½-8¾ per cent.

* Rates are nominal calling rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

GOLD MARKET

	Feb. 14	Feb. 13
Gold Bullion (a fine ounce)		
Close	$176⅝-177½	$176¼
Opening	$177-177¾	$176
Morning fixing	$177.50 (£91.260)	$176 (£90.[illegible])
Afternoon fixing	$177.40 (£91.349)	$177 (£91.[illegible])
Gold Coins... domestically		
Krugerrand	$184¼-186¼ (£95¼-96¼)	$183 (£94)
New Sov'gns.	$57-59 (£29½-30½)	$56 (£29)
Old Sov'gns.	$55¾-57¾ (£28¾-29¾)	$55 (£28)
Gold Coins... (internat'lly)		
Krugerrand	$182½-184½ (£94¼-95¼)	$182 (£93)
New Sov'gns	$57-59 (£29½-30½)	$56 (£29)
Old Sov'gns	$55¾-57¾ (£28¾-29¾)	$55 (£28)
$20 Eagles	$271-274	$267

FOREIGN EXCHANGES

Feb. 14	Bank Rate %	Day's Spread
New York	6½	1.9345-1.9490
Montreal	7½	2.1510-2.1635
Amsterdam	4½	4.32-4.35½
Brussels	6½	62.70-63.60
Copenhagen	9	11.04-11.13½
Frankfurt	3	4.03-4.07½
Lisbon	18	78.00-78.70
Madrid	8	156.15-156.90
Milan	11½	1,661-1,676
Oslo	6	10.57½-10.58
Paris	9½	9.35½-9.43

OTHER MARKETS

FORWARD RATES

[Sh]arp fall [in] cocoa [ma]rket

[The] fall in cocoa prices yes[terday w]as seen by many London [dealer]s heralding the resump[tion of] the long-term decline [which h]as been interrupted by [a techn]ical rally in the past [week].

[The s]pot March futures posi[tion fel]l the permissible £40 [at] one stage and near May [ended t]he day £33 lower at [£...]a tonne, only a few [pounds a]bove the 16-month low [reached] at the end of January. [The r]ecent rally had been [helped] by continuing physical [i]nterest. But fresh offers [came] from producer sources [and] found few takers and [s]entiment turned round [...].

[Some] dealers thought the [m]ad been encouraged by [fo]recasts of bigger West [African] crops — on Monday [t]rade sources estimated [the Ivory] Coast 1977-78 crop at [30]0,000 tonnes (240,000 in [...]) and the U.S. Depart[ment o]f Agriculture put [the] 1977-78 production at [...],000 tonnes (170,000 [...]).

[Ne]w York traders said [...] had been a light seller [...] lately after being with[drawn fro]m the market for some [...].

[The D]utch Central Statistical [Office said] January cocoa grind[ings tota]lled 11,200 tonnes com[pared wit]h 10,920 in December [and ...] in January last year.

[Stop]page at [Zam]bian [cop]per mines

LUSAKA, Feb. 14.

[About] 300 white mine em[ployees at] the Rhokana division [of Zambi]a's Nchanga Consoli[dated Co]pper Mining at Kitwe [stayed aw]ay from work for the [second co]nsecutive day in pro[test at th]e killing of a British [miner] in the area on Satur[day, a m]ines spokesman said. [They are] expected to resume [work to-m]orrow.

[The m]iners launched their [protest a]fter a British miner [was kil]led by armed robbers [while o]verseeing with his family[...], reports Reuter.

[He was] the second white killed [by] gangs in a month on [the Coppe]rbelt and miners are [...] what they claim is a [lack of po]lice protection in the [area].

[The sto]ppage helped bring a [ris]e on the London Metal [Exchange] copper market yester[day, wher]e wirebars closed £4.75 [up at £6..]3.5 a tonne, despite no [n]ews of the talks [th]is week discussing pro[posals to cut] production by lead[ing copper] exporting countries.

Silkin may seek EEC fishing compromise

BY MARGARET VAN HATTEM

BRUSSELS, Feb. 14.

REPRESENTATIVES OF the British fishing industry are expected to come under heavy pressure this week to accept a compromise on Britain's demands for dominant preference in a 12-50 mile coastal zone.

This follows an announcement to-day by Mr. John Silkin, the U.K. Agriculture and Fisheries Minister, that Mr. Finn Olav Gundelach, the EEC Commissioner for Agriculture, has accepted his proposal that the EEC Council of Ministers resume negotiations for a common fisheries policy on April 1.

The U.K. demand for dominant preference, aimed at securing for Britain a major share of the increase in fish stocks expected to result from present conservation measures, was the main reason for the collapse of negotiations at the end of last month.

The other eight states agreed to a temporary fishing regime but Britain decided to revert to national measures.

At that time Mr. Gundelach said talks would not resume until Britain tabled formal proposals specifying what it wanted and how this could be achieved without violating EEC principles of non-discrimination against member states.

Mr. Silkin gave no indication to-day that he was ready to table such proposals. But he is believed to be keen to conclude a fisheries agreement and clear the air before the annual farm price review gets underway.

Agriculture and Fisheries Ministry officials, scheduled to meet British fishing industry representatives this week, are expected to point out that Mr. Silkin has made no major concessions so far but the other states have moved significantly closer to the U.K. position in the past year and cannot be expected to concede much more.

Our Commodities Staff writes: British fishing industry leaders said yesterday that they had no reason to believe Mr. Silkin was planning to alter his stance on European fishing.

Federation sources doubted that there was any electoral advantage to be gained from an early settlement unless it came very close to Britain's original demands

Potato offer blocked

BRUSSELS, Feb. 14.

PROSPECTS FOR an EEC agreement with Cyprus receded further to-day after the Agriculture Ministers' meeting here failed to agree on proposals for a Common Market organisation for potatoes.

Italy, which is holding out for an export subsidy on potatoes such as it already has on citrus fruits, has refused to make any concessions on the Community's mandate to negotiate with Cyprus until its demands are satisfied.

It aims to protect its own producers, who export about 60,000 tonnes of early potatoes each June. Since none of the other eight states is prepared to concede Italy's demand the issue has been referred to the Special Agriculture Committee for urgent discussion.

In the meantime the EEC Commission's proposal for tariff cuts on potato imports with Cyprus will remain blocked. This includes a 17 per cent. reduction in the present 21 per cent. tariff on potato imports from Cyprus, an increase to 75,000 tonnes from 40,000 tonnes in this year's quota offer, and a proposed 60,000 tonne quota for next year.

Malaysian tin output declines

BY WONG SULONG

KUALA LUMPUR, Feb. 14.

MALAYSIA'S TIN production fell an alarming 9.5 per cent. last year despite high prices for the metal. Figures from the Statistics Department here showed that output totalled only 57,360 tons, compared with 63,400 tons in 1976.

Last year's production was the lowest in 13 years, and reflects depleting deposits in existing mines, and the failure to release new land for mining.

The Statistics Department said there were 874 active mines in the country at the end of last year, comprising 53 dredges, 784 gravel pump mines, and 37 other mines. They employed 38,500 people.

In the past few months, there have been signs that the Malaysian federal and state governments are beginning to realise the need for new investment in the tin industry to halt the fall in output.

The federal government recently decided to increase the share of revenue which goes to the tin-producing states, reduced the tin mining profit tax and export duty, and took over the responsibility for contributions to the International Tin Council buffer stock from the industry.

Tin-producing states—Selangor, Perak, and Pahang—said they would open new land for mining.

The Selangor Government is in a joint venture with Conzinc Rio Tinto to mine 1,440 acres in the Kuala Langat district. It is negotiating with the Malaysian Mining Corporation (29 per cent. owned by Charter Consolidated) to work 30,000 acres—also in the Kuala Langat area—which is known to contain at least 300,000 ton of tin.

Reuter reports from Bangkok that Thailand has cut tin royalties in an attempt to encourage the mining industry and to curb tin ore smuggling, the Industry Ministry said.

Trade sources estimated the move will cut royalty averages to about 28.4 per cent. a picul from 33.17 per cent. previously.

The first 3,000 baht value of the ore per picul remains exempt from royalty and the 30 per cent. royalty on the next 3,000 baht remains unchanged.

The royalty on ore of between 6,000 and 9,000 baht value is cut to 35 per cent. from 40 per cent. and above 9,000 baht is cut to 40 per cent. from 50 per cent.

● U.S. Congress sub-committee hearings on the proposed U.S. contribution of up to 5,000 long tons of tin to the international buffer stock have been postponed one day because Mr. Jonathan Bingham, the sub-committee chairman, has flu, it was announced in Washington.

The three days of hearings conducted by the House International Trade and Commerce sub-committee, which were also to include testimony on general U.S. policy on international commodity agreements and buffer stocks, were scheduled to start yesterday.

They will now get under way to-day, and continue on Thursday. The third day has not yet been scheduled.

Monitoring scheme for metals trade

By Our Commodities Editor

A SPECIAL meeting of ring dealing members of the London Metal Exchange yesterday approved unanimously plans for the introduction of a monitoring scheme aimed at limiting the financial vulnerability of the market.

It is hoped that the scheme will be in operation by October 1, although some members feel that January 1 next year is a more realistic date.

Under the scheme all ring-dealing members—the only companies entitled to trade across the LME "ring"—will have to provide a minimum guarantee of £500,000 and above that further guarantees based on their estimated "open" net position.

If they exceed that estimated figure, further guarantees will have to be provided.

The monitoring scheme is a compromise worked out in response to pressure for a clearing house system, similar to that used by the other commodity markets in London, to avoid any financial difficulties affecting one member company bringing the whole market down.

It means, however, that ring-dealing members of the exchange will remain as principals to all contracts concluded.

The Bank of England, which has been pressing hard for a clearing house system, is reported to be satisfied that the monitoring scheme will improve the financial stability of the market. But supporters of the clearing house claim that it is only a half-way measure that will make little practical difference.

Grain seed royalties going up

By Our Commodities Staff

ROYALTIES on sales of cereals seeds in the 1978-79 season are going up 80p a ton. An all-industry working party announced yesterday that the royalty rates for certified seed of varieties of wheat, barley and oats protected under the 1964 Plant Varieties and Seeds Act will be £9.30 a ton for second-generation seed and £15.80 for first generation.

The increases were calculated according to an index which reflects the increased costs of plant breeding in the past year.

The working party has proposed that this index should be used for a further two seasons when its value and efficiency will be assessed.

BRAZILIAN AGRICULTURE

Savannah cattle may give way to soya

BY SUE BRANFORD IN BRASILIA

BRAZIL POSSESSES about 450m. acres of cerrados (type of savannah), which is equivalent to a country the size of Mexico. In the past, this land has been patchily used for rice cultivation and cattle-rearing with extremely rudimentary and precarious farming methods.

Mr. Elmar Wagner, head of the Research Centre for Farming in the Cerrados, summed up the region's potential: "We hope that over the next few years, 125m. acres of this total will be incorporated into the country's modern farming sector. The cerrados are Brazil's next agricultural frontier to be explored in the natural expansion northwards."

The opening up of this region started prematurely 20 years ago with the momentous decision by President Kubitschek to build a new federal capital, Brasilia. To-day, Brasilia functions efficiently as the country's administrative centre but remains bizarrely situated in the middle of a largely unoccupied plateau.

The real economic occupation is only beginning now, with the rapid influx of farmers.

Although prices are starting to shoot up, land is still cheap at between £10-£100 an acre. Small producers from Brazil's south, where land prices are high, are selling up their plots there and using these resources to purchase much larger farms, of at least 2,500 acres, in the cerrados.

Large companies, some of them multi-national, are also moving in, with really ambitious projects of up to 250,000 acres.

Until recently, Mr. Wagner explained, would-be farmers of the cerrados were deterred by three obstacles: the total ignorance about the region's resources and possibilities; the irregular rainfall; and the low level of soil fertility.

Now all three problems are being solved or by-passed. The centre is carrying out an ambitious, multi-faceted mapping project and, by 1980, it hopes to have an adequate characterisation of the region's main natural and socio-economic resources.

Vulnerable

The centre's research has shown that perennial crops such as coffee, orange, lemon, tangerines and avocado pears, are well able to stand up to these droughts. Perhaps more significantly, the experiments have shown that soyabeans—a broad-leaved legume which creates its own shade — is also fairly resistant to the short summer droughts. One of the most vulnerable plants is dry land rice, which is a narrow-leaved grass which provides itself with little shade.

Soyabeans have been little cultivated in the region because of the low level of soil fertility. Particularly serious is the high aluminium content in the soil. This is, however, a problem which can be readily solved through the abundant application of lime and fortunately, the region possesses Brazil's largest lime reserves.

The acidity of the soil can be combatted by phosphates. Mr. Wagner explained that the soils have a marked tendency to absorb the phosphates, leaving little over to correct the deficiency. But once the critical level is passed, the soils have shown an impressive capacity to respond with high yields.

This means that during the first year farmers must fertilise heavily or their efforts are in vain. In subsequent years, fertility levels merely need topping up. Mr. Wagner said that, even with the present high phosphate prices in Brazil, the excellent yields which result allow the farmer a good rate of profit.

Previously dry land rice was widely cultivated, despite its vulnerability to drought, because it is much less demanding in its soil fertility requirements. But since modern farming methods have made it possible to control fertility levels—but not rainfall—the soyabean is proving the more suitable crop.

Throughout the region soil drainage is good, which means that machines can be used just a few hours after heavy rains. The flatness of the land also favours mechanisation.

It was with the cerrados potential in mind that a World Bank report recently predicted that in the next eight years soya would be Brazil's star export product. It was foreseen that exports of soyabeans would almost double from 3.5m. tonnes last year to 6.8m. tonnes in 1985 and exports of soyameal would grow even more rapidly, leaping from 4.5m. tonnes to 11.6m. tonnes.

It was predicted that soya exports would account for more than one-fifth of Brazil's exports by 1985.

N.Z. Minister to discuss lamb sales

BY CHRISTOPHER PARKES

MR. DUNCAN MacINTYRE, the New Zealand Minister of Agriculture, is expected in London next week for talks on the future of the European Community's market for mutton and lamb.

He is mainly concerned about the possible effects of the Common Market's plans on the well-being of his country's export trade. Last year New Zealand supplied 40 per cent. of Britain's lamb consumption.

By the time Mr. MacIntyre arrives the British Government should have the full details of the EEC Commission's revised proposals for a Community regime governing trade in mutton and lamb.

The New Zealanders are worried that a lamb regime would operate in the same way as most of the other market organisations in Europe: pushing up prices and pushing down consumption.

And if consumption falls Wellington fears that New Zealand lamb imports into Britain—currently 200,000 tonnes a year—would be the first to suffer.

The same has happened to some extent with the butter market, and although New Zealand is still allowed to send 120,000 tonnes a year into Britain, its annual quota has been steadily whittled down.

It appears that New Zealand has lost its place in the British cheese market. Last year it was allowed to send 15,000 tonnes, and there were hopes that access for a further 10,000 tonnes might be negotiated for this year. But so far there has been no sign of any talks, and a blanket of silence has settled over the issue.

The Commission in Brussels has already had a couple of stabs at launching Agriculture Ministers on a constructive debate of the lamb market, but each time the talks have foundered on British resistance to the inevitability of big price increases in Britain and attempts to include a "safeguard clause"

[COM]MODITY MARKET REPORTS AND PRICES

METALS

[...]igher on balance on the [London Metal] Exchange despite easing in [...]. After a hesitant start at [...] forward metal advanced [...] with some long positions. Comex did not start as high [as expected] and the London price fell [...]

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £... three months £... Cathodes, three months £... Kerb: Wirebars, three months £... Afternoon: Wirebars, cash £... three months £... Kerb: Wirebars, three months £...

[...] metal started in London at £6,300, fell to £6,160 and then recovered to £6,200, where it stayed for most of the day. But in the afternoon the downward movement resumed, stops were touched off at £6,150 and the price fell to £6,110 before closing on the Kerb at £6,140 after an active day's trading. Turnover, 1,650 tonnes.

Morning: Standard, cash £6,240, three months [...]

[...]

COFFEE

Robusta futures were initially strong as follow through buying from Monday's close took values to the highs at lunch, reports Drexel Burnham Lambert. [...]

GRAINS

SILVER

COCOA

JUTE

COTTON

RUBBER

ABOUT UNCHANGED opening on the London physical market. Fair interest throughout the day, closing slightly steadier. Lewis and Peat reported that the Malaysian godown price was 203 (202) cents a kilo (buyer, March).

SOYABEAN MEAL

SUGAR

WOOL FUTURES

MEAT/VEGETABLES

[...] season 45.0 to 46.0. PM new season 44.0 to 45.0.

Pork: English, less than 100 lbs 35.0 to 42.0, 100-120 lbs 34.0 to 41.0, 120-160 lbs 33.0 to 40.0.

Hares: English (large) 170.0 to 180.0 each.

MEAT COMMISSION—Average fatstock prices at representative markets on Feb. 14. [...]

[...] Ovals approx 16 kilos 54/80s 2.80-3.20; 20 kilos 3.30-3.80; Egyptian: Baladi 2.30-2.70; Moroccan: 2.50-3.00. Lemons—Italian: 100/120 2.80-3.20; Cypriot: 2.50-3.50. Grapefruit—Cypriot: 15 kilos 2.40-2.60, 20 kilos 2.90-3.60; Jaffa: 20 kilos 2.80-3.70. Seurs—Spania: Approx 40-lb 2.80. Satsumas—Spania: 3.20-3.40. Apples—French: 40-lb Granny Smith Category I 5.50-6.60. Category II 4.30-5.00. Golden Delicious 4.50-5.60; 20-lb 72 100 Granny Smith 2.50-3.30, Golden Delicious 2.70-3.20. Red Delicious 2.80. Stark Crimson 2.80-3.20, jumble pack, per lb. Golden Delicious 0.10-0.14. Granny Smith 0.11-0.13; Italian: Golden Delicious 0.11-0.12; U.S.: Red Delicious 9.00; Eastern States: 8.00-8.40; Hungarian: Red Delicious 7.00; Danish: Spartans 0.09-0.10; Oregon: Newtons 8.30. Pears—Italian: Per lb Passacrassane 0.08-0.10; South African: Clapps 5.20, William Bon Chretien 7.00. Plums—S. African: Gaviotas 0.36-0.40, Red Ace 0.28-0.30, Kelsey 0.40-0.43. Grapes—Spanish: Almeria 1.50-2.50; Californian Red Emperor per lb 0.38. Bananas—Jamaican: Per lb 0.13. Tomatoes—Per 6 kilos. Canary: 2.00-2.80. Melons—South African: White 4/8s 4.00-6.00. Cucumbers—Canary: 3.00-3.50; Dutch 3.40. Cauliflowers—Jersey: 6.20; French: 6.30. Potatoes—Canary: 25 kilos 7.00; Cypriot: 8.00. Celery—Spanish: 18/36s 3.50-3.60. Lettuce—Dutch: 24s 3.00. Capsicums—Kenya: Per lb 0.25; Israeli, 0.35; Canary 0.35. Peaches—S. African: 21 24s 3.20-3.50.

English Produce: Potatoes—Per 56-lb Whites/Reds 1.20-1.60. Lettuce—Per 12. Indoor 1.50-1.70. Cabbage—Per 6-bag Primo 0.90. Beetroot—Per 28-lb 0.60. Carrots—Per bag 28-lb 0.70-0.90. Onions—Per 56-lb 0.50-1.30. Swedes—Per bag, Devon 0.45. Apples—Per lb Cox's 0.13-0.22. Bramley's 0.12-0.16. Spartans 0.10-0.12. Pears—Per lb. Conference 0.03-0.14. Comice 0.12-0.14. Sprouts—Per lb 0.10-0.11. Parsnips—1.30-1.40. Turnips—Per 28-lb 1.00-1.20. Rhubarb—Per lb 0.20-0.21.

Arabs buy more U.K. broilers

By Our Commodities Staff

EXPORTS OF British poultry meat are already running ahead of last year's record levels. The British Poultry Export Company has an order from Iran for 12,000 tonnes this year compared with 10,000 tonnes last year.

The company, which represents the interests of most of the major broiler chicken and turkey producers in the U.K., is also selling 1,500 tonnes of broilers a month to buyers in the Arabian Gulf. It expects to export 18,000-20,000 tonnes this year, compared with 16,000 to 17,000 last year.

Mr. John Maher, secretary of the company, said the competition was becoming fiercer in the Arab countries, which have become the world's fastest growing market. The U.S. had long been active. Now countries like South Africa were also trying to move in.

PRICE CHANGES

Prices per tonne unless otherwise stated.

INDICES

FINANCIAL TIMES

REUTER'S

DOW JONES

MOODY'S

GRIMSBY FISH—Supply good and demand fair. [...]

U.S. Markets

Slight fall in precious metals

NEW YORK, Feb. 14.

PRECIOUS metals eased slightly on speculative selling following a slightly firmer dollar late in the day. Copper finished lower on trade selling. Sugar closed lower on Commission House liquidation. Coffee finished mixed in quiet conditions. Light trade selling weighed on cocoa. Soyabeans were firm on severe weather in growing areas, Bache reports.

Cocoa—March 134.20 (136.70), May 123.50 (125.10), July 120.35, Sept. 118.00, Dec. 115.70, March 114.00, May 112.25, July unquoted. Sales: 1,578 lots.

Coffee—"C" Contract: March 197.50-197.90 (197.50), May 173.75-176.00 (178.00), July 163.75, Sept. 157.00-157.50, Dec. 143.00, March 139.00-140.00, May unquoted, July 126.10 bid. Sales: 438 lots.

Copper—Feb. 57.30 (58.10), March 57.70 (58.40), April 58.20, May 58.70, July 59.70, Sept. 60.60, Dec. 62.00, Jan. 62.50, March 63.50, [...] 64.50, July 65.20, Sept. 66.50, Dec. [...]. Sales: 3,900 lots.

Cotton—No. 2: March 54.25-54.40 (54.00), May 55.55-55.68 (55.13), July 56.70, Oct. 58.00, Dec. 58.40-58.55, March 59.50-59.60, May 60.00-60.25, July 60.40-60.75. Sales: 555,000 bales.

*Gold—Feb. 177.50 (178.20), March 178.20 (178.70), April 179.20, June 181.60, Aug. 184.40, Oct. 187.00, Dec. 189.60, Feb. 192.30, April 195.10, June 197.90, Aug. 200.70, Oct. 203.60, Dec. 206.50. Sales: 9,000 lots.

†Lard—Chicago loose 21.00 (20.75). New York prime steam 22.25 traded (same).

‡Maize—March 226½-226¾ (226½), May 230¼ (230½), July 230½-230¾, Sept. 226½-226, Dec. 227-226¾, March 233.

§Platinum—April 230.20-230.50 (227.50), July 234.30-234.70 (231.40), Oct. 238.50, Jan. 242.30-242.50, April 246.00-246.20, July 249.50-249.70. Sales: 2,238 lots.

†Silver—Feb. 489.30 (493.60), March 491.20 (495.20), April 494.60, May 498.00, July 505.00, Sept. 512.10, Dec. 523.50, Jan. 526.90, March 534.40, May 541.90, July 549.40, Sept. 556.90, Dec. 568.10. Sales: 8,500 lots. Handy and Harman spot bullion 492.00 (493.50).

Soyabeans—March 586-585½ (561¼), May 574½-574½ (570¼), July 583½-581, Aug. 583, Sept. 573½, Nov. 574-574½, Jan. 580½-581, March 585½.

||Soyabean Meal—March 150.40-150.50 (148.90), May 154.30-154.20 (152.90), July 157.20, Aug. 158.50, Sept. 158.50-158.80, Oct. 159.00-159.10, Dec. 160.00, Jan. 161.50-162.00, March 162.00-162.00.

Soyabean Oil—March 20.65-20.63 (20.40), May 20.47-20.48 (20.27), July 20.35-20.33, Aug. 20.33-20.30, Sept. 19.90-20.00, Oct. 19.72, Dec. 19.65-19.63, Jan. 19.60, March 19.60-19.63.

Sugar—No. 11: March 8.83-8.84 (8.54); May 9.17-9.18 (9.17), July 9.35-9.38, Sept. 9.56, Oct. 9.67-9.68, Jan. 10.11-10.20, March 10.33-10.35, May 10.50-10.55, July 10.70-10.73. Sales: 3,000 lots.

Tin—550.00-560.00 asked (560.00-565.00 asked).

**Wheat—March 269¾ (267¾), May 272-271½ (270¼), July 274½-275½, Sept. 277¼, Dec. 284½, March 292.

WINNIPEG, Feb. 14. ††Rye—May 107.00 (106.60), July 104.20 (104.80 bid), Oct. 106.10 asked, Nov. 107.10.

††Oats—May 77.60 bid (78.00), July 75.70, Oct. 74.00 bid.

‡‡Barley—May 78.20 (75.40 bid), July 77.50 (77.40 asked), Oct. 77.00 asked.

§§Flaxseed—May 213.80 bid (212.00), July 215.30 bid (213.60 asked), Oct. 218.80 bid, Nov. 219.90.

¶¶Wheat—SCWRS 13.5 per cent. protein content cif St. Lawrence 132.51 (131.36).

All cents per pound ex-warehouse unless otherwise stated. *$s per troy ounce—100 ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime Steam f.o.b. NY bulk tank cars. ‡ Cents per 56 lb bushel ex-warehouse, 5,000 bushel lots. § $s per troy ounce for 50 ounce units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. || New "B" contract in $s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60 lb bushel in store. †† Cents per 24 lb bushel. ‡‡ Cents per 48 lb bushel ex-warehouse. §§ Cents per 56 lb bushel ex-warehouse, 1,000 bushel lots. ¶¶ SC per tonne.

STOCK EXCHANGE REPORT

Late drop on acute disappointment with trade figures

Index down 10.2 at 459.7—Gilts 1¼ lower—Golds higher

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Jan. 30	Feb. 9	Feb. 10	Feb. 21
Feb. 13	Feb. 23	Feb. 24	Mar. 7
Feb. 27	Mar. 9	Mar. 10	Mar. 21

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The yawning visible trade deficit in January sorely disappointed stock markets yesterday and resulted in losses to over a point in British Funds and to a drop of 10.2 to 459.7 in the FT 30-share index.

The market had previously traded quietly at slightly lower levels on differing views about the likely January trade out-turn, while caution was also being displayed pending resumption of the power workers' wage negotiations and to-morrow's money supply figures. The more hopeful turn of events in the tanker drivers' dispute had no apparent effect on sympathy.

British Funds were showing losses to about ½ ahead of the trade figures, but closed with falls to nearly a point in the shorts and to 1¼ in long-dated issues. The £30-paid long tap Exchequer 10½ per cent. was lowered a point to 24¾, which is 1½ below the level at which the Government broker was willing to supply stock last Friday, while the Government Securities index gave up 0.77 to 74.39.

Apart from the late turndown, equities were notable chiefly for isolated firm spots in the more speculative issues and on trading announcements. The leaders had drifted lower in the early trade on continued lack of buying interest, and defensive marking down was chiefly responsible for an eventual doubling of the losses which were recorded at 3 p.m. The index constituents ended with widespread losses to eightpence, and occasionally more, with Tube Investments, down 12 at 372p, depressed on bear selling.

In FT-quoted Industrials, falls outnumbered rises by 5-to-4 as against the 7-to-4 majority in favour of rises on Monday, while only three of the 46 FT-Actuaries groups and sub-sections showed a quotable gain. The All-share index shaded 1.1 per cent. to 202.43.

South African Golds made further progress, the Gold Mines index gaining 2.9 for a three-day improvement of 11.8 at 155.2.

Funds dismayed

British Funds expressed dismay with last month's trade imbalance by registering *falls to 1¼ points* at the longer end and of nearly a full point among the shorter maturities. The threat of potential selling became very real and quotations were protectively *lowered by dealers but this failed* to deter sizeable liquidation of the longs; these had falls just prior to the 3.30 p.m. close of ½ quickly extended in the late evening business. Circumstances were similar in the shorts and here, too, the close was the day's lowest. Other factors, which included strengthening hopes of a settlement of the tanker drivers' dispute, were ignored. Corporations traded quietly and displayed the rare minor loss in official dealings but were trending lower later, while Southern Rhodesian bonds edged downwards in extremely thin trading.

Massey-Ferguson, in Canadians, were suspended at 810p, a 1977-78 low, pending the lifting of a trading halt in Toronto; the directors met yesterday to decide whether to pay a dividend or not.

Initially a shade easier reflecting the opening firmness in sterling, rates for investment began to rise on renewed institutional support which outweighed general offerings and following the late reaction in the pound after the announcement of last month's trade deficit, the premium closed at the day's best of 80 per cent., up ¼ on balance. Yesterday's SE conversion factor was 0.7438 (0.7472).

The major clearing Banks rarely stirred from their overnight levels until the late afternoon when they moved slightly lower. **Midland** receded 3 to 337p as did the new nil-paid shares to 10p premium. **Barclays** also lost 3 to 315p but **Lloyds**, which start the dividend season off on Friday, were only a penny cheaper at 265p.

Quiet conditions prevailed in Insurances where **Sun Alliance** closed 8 off at 540p and **Phoenix** 6 lower at 250p. **Royals** were 5 easier at 370p.

Breweries continued on the downward path. **A. Guinness** fell 4 to 171p, while **Allied**, 81p, and **Bass Charrington**, 142p, shed 2 apiece. *Distilleries also lost ground*, **A. Bell** and **Distillers** losing 4 to 208p and 169p respectively.

Reports that the Department of the Environment may withhold payments to suppliers involved in some highway contracts following Monday's registration of 33 price rings in the road-surfacing materials industry brought selling pressure to bear on **RMC** and **Tarmac** among Buildings; the former finished 7 lower at 112p and the latter 6 cheaper at 124p. Elsewhere, **Taylor Woodrow** shed 6 to 374p as did **Marchwiel** to 244p, while **AP Cement** softened 2 late to 238p and **London Brick** gave up 1½ to 68p. **Bryant Holdings**, on the other hand, rose 4 to 58p, after 55p, on investment demand and **M.P. Kent** a similar amount to 40p in response to Press comment. **Heywood Williams** fared well at 72p, up 5, and improvements of around 3 were recorded in **Brown and Jackson**, 39p, **William Whittingham**, 33p and **British Dredging**, 24p.

The disappointing January trade returns prompted a late mark-down in **ICI**, which closed 5 lower at 330p. Elsewhere in Chemicals, **Fisons** were treated similarly and finished 4 off at 360p.

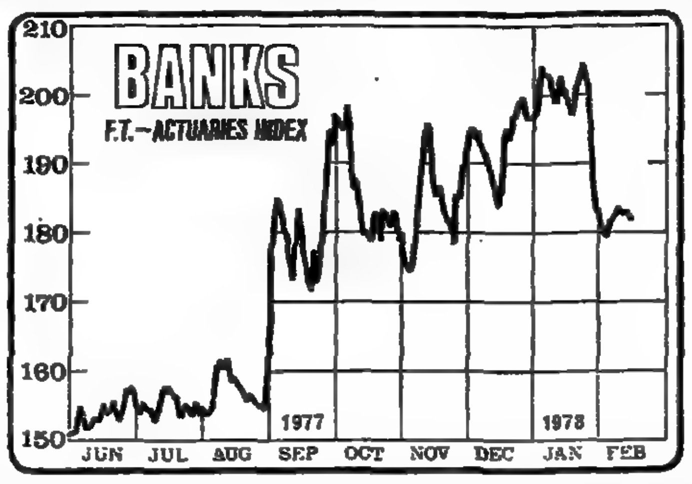
Only slightly easier for most of the day, leading Stores were marked down further late. **Mothercare** lost 6 to 164p as did **Gussies A** to 272p, while **W. H. Smith A** shed 4 to 150p and **UDS** 3 to 88p. Elsewhere, still reflecting the discount scheme offered to registered shareholders with a holding of 250 shares or more, **Moss Bros.** jumped 10 further to 108p, for a two-day advance of 14. In contrast, early profit-taking took **MFI Furniture Centres** down to 117p in front of the interim *results, but the price rebounded* sharply to 130p on news of the doubled first-half earnings before closing 2 firmer on balance at 124p. **Wades Departmental A** were a like amount harder at 36p, also *after interim results*.

Final losses in the Electrical leaders ranged to 10, **Thorn** being that amount down at 354p. **GEC** gave up 8 at 255p, while **EMI**, 170p, and **Plessey**, 90p, eased 4 and 2 respectively. Elsewhere, a Press suggestion that **Comet Radiovision's** bid for Henry Wigfall *may prove abortive, prompted* selling of **Wigfall**, which closed at the day's lowest of 264p, down 12. **Comet** held at 112p making the bid worth nearly 245p per share. **Decca "A"** gave up 15 to 415p in a restricted market, while **Forward Technology** eased 4 to 104p and **Audio Fidelity** 3 to 30p.

Bear selling, later accompanied by talk of smelter troubles, prompted marked dullness in **Tubes**, which fell 12 to close at the day's lowest of 372p. Earlier losses of a few pence in the other Engineering majors were *extended by a penny or so in the* late dealings and **GKN**, 277p, and **Hawker**, 186p, both finished 4 lower. **Vickers** ended 3 cheaper at 182p. Secondary issues presented a mixed appearance. *Sporadic demand left* **F. Pratt** 4 to the good at 72p and **Tex Abrasives** advanced 5 to 65p on revived take-over rumours. **ML Holdings** improved 3 to 94p, while **Spear and Jackson** put on 2 to 114p and **Stone Platt** a like amount at 110p.

McKechnie Bros. hardened a shade to 92p in response to favourable Press mention. On the other hand, **Weir Group** encountered profit-taking after the previous day's speculative advance and reacted 5 to 124p. **Davy International** gave up 4 at 230p and falls of 3 were sustained by **Renold**, 124p, and **Westland**, 43p. **Birmid Qualcast** eased a penny to 69p awaiting to-day's preliminary results.

Cullen's Stores were again popular in Foods, the Ordinary closing 13 better at 93p, after 97p, and the A 15 higher at 92p, after 96p, *both following* small buying in thin markets. **Bluebird Confectionery** were also notably firm at 158p, up 11, while **Linfood** hardened 3 to 150p and **Pork Farms** 6 to 403p. Other Foods *had an easier bias and* **J. Bibby**, at 222p, gave up 8 of the recent speculative rise. **Rowntree Mackintosh** declined 10 to 375p, while **J. Sainsbury**, 167p, and **Associated Dairies**, 218p, both closed around 6 cheaper. Other dull spots included **Spillers**, 1½ off at 28p, and **Tate and Lyle**, 4 easier at 196p.



Misc. leaders dip late

Trust Houses Forte, a good market recently, fell 8 to 186p on a broker's sell advice, while **Grand** *Metropolitan*, 95p, and **Ladbroke**, 183p, lost 3 and 4 respectively. **Pontin's** closed a shade easier at 38p; the Coral Leisure bid is not to be referred to the Monopolies Commission. Following the deal with its former parent Slea Holdings, dealings were resumed in **Epicure**; the shares improved from an opening of 11½p to 14p before closing at 10¾p.

Small losses in the miscellaneous industrial leaders were extended in the late dealings when prices were marked lower on January trade deficit. **Unilever** finished 14 down at 490p and **Glaxo** 10 off at 555p, while **Beecham** closed 8 cheaper at 627p. Falls of 5 and 4 respectively were recorded in **Bowater**, 164p and **Boots**, 201p. **Reed International** at 102p, lost the previous day's improvement of 5 after another active trade; *the group has* announced that it is to close its chain of 140 retail wallpaper and home decorations outlets in the U.K. after continued losses. Secondary issues, however, again *contained several firm features*. **Caledonian Associated Cinemas** rose 30 to 430p on renewed speculative buying in a thin market, while Press comment drew buyers' attention to **Crosby Spring** *Interiors, which touched* 17p before closing 2½ to the good at 16p. **Thermal Syndicate** rose 7 to 125p despite the profits standstill; others to improve following trading news included **Crest Nicholson**, 3 better at 75p, after 76p, and **Donald Macpherson**, 2½ harder at 39p. In front of to-day's preliminary figures, **Renown Inc.** moved up 5 to 175p. **Redfearn National Glass**, on the other hand, eased 5 to 300p on the disclosure that Rheem International had withdrawn its partial bid, while **W. Canning** lost 4 to 63p despite the increased interim dividend and profits. **De La Rue** shed 7 to 273p and, recent speculative favourite, **Ofrex**, lost the turn to 116p.

Motors and Distributors held up well, encouraged by the shop stewards' vote to return to normal working. **Lucas Industries** finished a penny harder at 260p, after 266p, while gains of 4 were seen in **Supra**, 41p, and **Flight Refuelling**, 109p. News of two substantial contracts helped **Dowty** harden a penny to 175p. Elsewhere, **Fodens** rose 4 to 63p, but **Dunlop** eased 3 to 85p.

Against the trend in Newspaper and kindred issues, **Associated Book Publishers** rose 7 to 187p on renewed demand in a thin market. **Thomson**, however, declined 6 to 207p and **Associated** gave up 2 at 132p.

Property leaders traded firmly *until the after-hours' trading* when gains of a penny or so were replaced by losses of that amount. **Land Securities** ended 2 cheaper at 218p, after 222p, and **MEPC** a like amount down at 122p, after 125p. Secondary issues, however, recorded further scattered improvements. **Corn Exchange** firmed 6 to 165p, while **Great Portland**, 320p, and **Haslemere**, 242p, put on 4 apiece. **Stock Conversion** hardened afresh to 250p before settling at 248p for a net gain of 2. **Regional** were also 2 dearer at 80p awaiting to-day's interim results.

Oils down

Leading oils failed to escape the late downturn, although interest in **British Petroleum**, down 12 at 778p, remained at a fairly low ebb. **Shell**, 6 cheaper at 498p, fared little better in the way of activity. Elsewhere, **Oil Exploration** advanced to 238p on further speculative demand before reacting on profit-taking to close without alteration at 228p. **Siebens (U.K)**, also a speculative favourite, improved afresh to 294p, prior to ending a net 4 down at 286p.

Lonrho maintained their upward *momentum in Overseas Traders* and closed 2 harder at 77p, after 78p, after another brisk trade; Mr. Alex Park, the former chief executive of British Leyland, has joined the company.

Interest in Investment Trusts remained at a low level and the close was little changed. Overseas issues had **Robeco Sub-shares** 5 harder at 512p and **Selected Risk Investment** 10 better at 360p. In *Financials*, **Suez Finance** *hardened* 1½ points to £29½ and **Transatlantic Market Trust** moved up 25 to 925p. **R. Kitchen Taylor** continued firmly, rising 2 to 72p for a two-day gain of 5.

Shippings closed with modest falls following a late mark-down. **Furness Withy** settled 3 off at 309p, while **P and O Deferred**, 109p, and **British and Commonwealth**, 268p, shed 2 apiece.

John Haggas, a firm market of late, fell 6 to 103p on disappointment with the interim figures, and **Nottingham Manufacturing**, at 111p, gave up 3 of the previous day's gain of 5 which followed the results. **Levex** finished 3½ off at 15p, after 14¼p, on fears that the late chairman's substantial shareholding may come on to the market. Other dull spots included **Courtaulds** which were 5 cheaper at 118p.

Tobaccos presented contrasting movements in **Imps**, 1¼ easier at 72½p, and **Rothmans International**, the same amount harder at 50½p.

Greatermans A, at 120p, regained 7 of the previous day's fall of 9 which followed disappoint with the interim results. **Primrose** were also better at 40p, up 5.

Rubbers were noteworthy for an improvement of 4½ to 68p in **Plantation Holdings**, this reflecting overnight business. **McLeod Russel** eased 5 to 220p in otherwise little changed Teas.

Golds up again

The further 25 cents rise in the bullion price to $177.125 per ounce and the subsequent fresh increase in the securities Rand enabled South African Golds to continue their recent upward movements with the Gold Mines index another 2.9 higher at 155.2 bringing the gain over the past three trading days to 11.8.

The bullion price drew strength from its good overnight performance in the U.S. and buying of Golds from that source got them off to a firm start. Interest waned towards the close of business but shares still managed to close at or around the day's best levels.

Among the heavyweights **West Driefontein** were outstanding with a half-point rise at £18½ while **Western Holdings** put on ½ to £16¼. Improvements of ¼ were common to **Randfontein**, £32¼ and **Free State Geduld**, £14.

Medium priced stocks showed *Winkelhaak* 20 firmer at 658p while marginals were featured by **Marievale**, 10 better at 89p. **West Rand Cons.**, 14 higher at 152p and **East Daggafontein**, 6 to the good at 36p.

Similarly, the sharp rise in the Platinum price in overnight U.S. markets was followed by a good demand for shares of the metal's producers. A heavy London demand easily offset small Cape selling and **Rustenburg** touched 96p before closing 7 up on balance at 95p, while **Bishopsgate** and **Lydenburg** both registered gains of 5 at 81p and 62p respectively.

South African Financials *gained ground* in sympathy with Golds and Platinums. **"Amgold,"** £15½, **General Mining**, £14¼ and **"Johnnies,"** £12¼ were all ¼ better.

In contrast London-based cials eased in line with equities. **Charter**, 126p, **Fields**, 188p and **Rio Tin** 175p, all declined around 2

Small gains in Australians entirely because of the premium. An exception general rule, however, were continental, which dropped 825p following persistent offerings.

FINANCIAL TIMES STOCK INDICES

—	Feb. 14	Feb. 13	Feb. 10	Feb. 9	Feb. 8	Feb. 7
Government Secs.	74.39	75.16	75.40	75.34	74.41	74.05
Fixed Interest	77.62	77.89	78.16	77.96	77.31	78.03
Industrial Ordinary	459.7	469.9	471.0	473.5	468.4	465.7
Gold Mines	155.2	152.3	146.0	143.4	146.0	151.6
Ord. Div. Yield	5.81	5.71	5.70	5.67	5.72	5.75
Earnings Y'ld % (full) (*)	17.71	17.39	17.37	17.28	17.45	17.56
P/E Ratio (net) (*†)	7.97	8.12	8.13	8.17	8.09	8.07
Dealings marked	6,087	5,920	6,143	5,926	6,271	6,562
Equity turnover £m.	—	43.35	75.97	95.76	64.10	66.38
Equity bargains total	—	13,481	15,592	16,844	14,153	14,590

10 a.m. 470.2. 11 a.m. 467.9. Noon 466.1. 1 p.m. 464.5. 2 p.m. 463.1. 3 p.m. 465.1.

Latest Index 01-246 8026.

* Based on 52 per cent. corporation tax. † Nil=7.92.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1977/8 High	1977/8 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	79.85 (30/9)	60.45 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1/78)	60.49 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	549.2 (14/9)	357.6 (13/1)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	174.6 (18/10)	95.1 (1/2)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVI

	Feb. 14
—Daily	
Gilt-Edged	231.7
Industries	206.4
Speculative	39.5
Totals	138.5
5-day Av'rage	
Gilt-Edged	208.0
Industrials	195.5
Speculative	36.0
Totals	133.6

OPTIONS TRADED

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb. 7	Feb. 20	May 11	May 23
Feb. 21	Mar. 6	May 25	Jun. 7
Mar. 7	Mar. 20	Jun. 8	Jun. 21

For rate indications see end of Share Information Service

Stocks favoured for the call included **Reed International, Town and City Properties, Consolidated Gold Fields, British Land, R burg Platinum, Brittania A Capital and Counties Pr Tricentrol, Rio Tinto-Zinc, Anderson, Brown Bros., P Consolidated Oil, Royco, Oil, Fitch Lovell and Bla Hedge.** Puts were dealt and **Trafalgar House**. doubles were arranged **International, Brittania British Land and BP.**

NEW HIGHS AND LOWS FOR 1977/

The following securities quoted in the Share Information Service yesterday attained new Highs for 1977-78. There were no new Lows.

NEW HIGHS (38)

FOREIGN BONDS (1)
German Yng 4½pc

BANKS (1)
Commerzbank

BUILDINGS (4)
Benlox
Bryant Hldgs.
Heywood Williams
Whittingham

CHEMICALS (1)
Crystalate

STORES (3)
Beattie (J.) A
Foster Bros.
MFI Furniture

ENGINEERING (1)
Pratt (F.)

FOODS (1)
Somportex

HOTELS (1)
Prince of Wales

INDUSTRIALS (2)
Crosby Spring
Lindsay & Williams

MOTORS (5)
Dana Corp.
Dowty
Kwik-Fit
Supra Group
Reynolds (W. J.)

PAPER (1)
Mills & Allen

PROPERTY (1)
Clarke Nickolls

TEXTILES (2)
Atkins Bros.
Dixon (David)

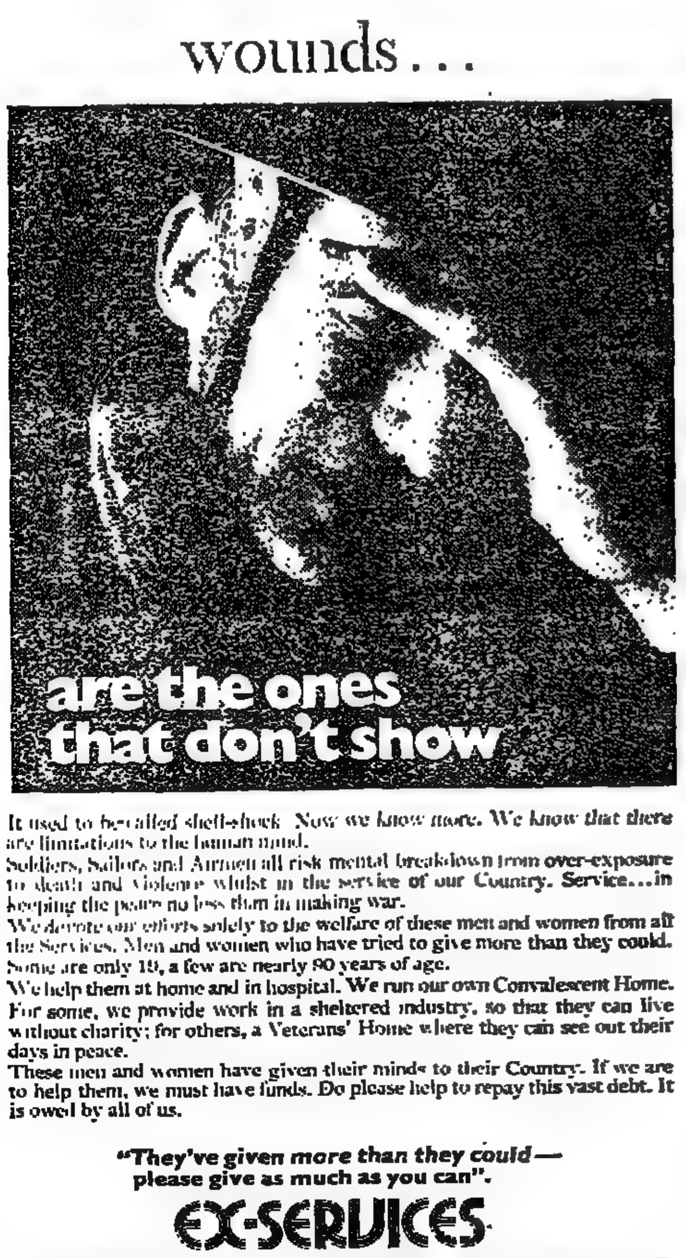
TRUSTS (5)
Jove Inv. Cap.
Lond. Aust. Inv.
N.Y. & Gartmore
W. Coast &
Kitchen Taylor

RUBBERS (3)
Bradwall
Malakoff
Plantation Hld

TEAS (1)
Moran

Rises and Fa yesterday

	Up	Down
British Funds	—	7
Corpns., Dom. and Foreign Bonds	3	[illegible]
Industrials	281	[illegible]
Financial and Prop.	92	[illegible]
Oils	2	[illegible]
Plantation	7	[illegible]
Mines	65	[illegible]
Recent Issues	4	[illegible]
Totals	424	[illegible]



BASE LENDING RATES

A.B.N. Bank	6½%
Allied Irish Banks Ltd.	6½%
American Express Bk.	6½%
Amro Bank	6½%
A P Bank Ltd.	6½%
Henry Ansbacher	6½%
Banco de Bilbao	6½%
Bank of Credit & Cmce.	6½%
Bank of Cyprus	6½%
Bank of N.S.W.	6½%
Banque Belge Ltd.	6½%
Banque du Rhone	7%
Barclays Bank	6½%
Barnett Christie Ltd.	8½%
Bremar Holdings Ltd.	7½%
Brit. Bank of Mid. East	6½%
■ Brown Shipley	6½%
Canada Permanent AFI	6½%
Capitol C & C Fin. Ltd.	9%
Cayzer Ltd.	7%
Cedar Holdings	8%
■ Charterhouse Japhet	6½%
C. E. Coates	7½%
Consolidated Credits	6½%
Co-operative Bank *	6½%
Corinthian Securities	6½%
Credit Lyonnais	6½%
The Cyprus Popular Bk.	6½%
Duncan Lawrie †	6½%
Eagil Trust	6½%
English Transcont.	8%
First London Secs.	8½%
First Nat. Fin. Corpn.	8½%
First Nat. Secs. Ltd.	8%
■ Antony Gibbs	6½%
Greyhound Guaranty	6½%
Grindlays Bank ‡	6½%
■ Guinness Mahon	6½%
■ Hambros Bank	6½%
■ Hill Samuel §	6½%
C. Hoare & Co. †	6½%
Julian S. Hodge	7½%
Hongkong & Shanghai	6½%
Industrial Bk. of Scot.	6½%
Keyser Ullmann	6½%
Knowsley & Co. Ltd.	9%
Lloyds Bank	6½%
London & European	8½%
London Mercantile	6½%
Midland Bank	6½%
■ Samuel Montagu	6½%
■ Morgan Grenfell	6½%
National Westminster	6½%
Norwich General Trust	6½%
P. S. Refson & Co.	6½%
Rossminster Accept'cs	6½%
Royal Bk. Canada Trust	6½%
Schlesinger Limited	6½%
E. S. Schwab	8½%
Security Trust Co. Ltd.	7½%
Shenley Trust	9½%
Standard Chartered	6½%
Trade Dev. Bank	6½%
Trustee Savings Bank	6½%
Twentieth Century Bk.	7½%
United Bank of Kuwait	6½%
Whiteaway Laidlaw	7%
Williams & Glyn's	6½%
Yorkshire Bank	6½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 3%, 1-month deposits 3½%.
† 7-day deposits on sums of £10,000 and under 3%, up to £25,000 3¼% and over £25,000 4¼%.
‡ Call deposits over £1,000 3%.
§ Demand deposits 4%.
¶ Rate also applies to Sterling Ind Secs.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1977-78 high	1977-78 low
Reed Intl.	£1	14	102	− 5	233	100
BATs Defd.	25p	11	240	—	260	202
Shell Transport	25p	11	498	− 6	635	454
ICI	£1	10	330	− 5	446	325
Midland Bk. 'New'	Nil-pd.	10	10pm	− 3	17pm	10pm
BP	£1	9	778	−12	966	760
Grand Met.	50p	9	95	− 3	109	62
Tube Invs.	£1	9	372	−12	430	310
Beecham	25p	8	627	− 8	693	372
GKN	£1	8	277	− 4	309	260
Ofrex	20p	8	116	− 1	120	59
Epicure	5p	7	10¾	—	14	10¾
GEC	25p	7	255	− 8	284	163
GUS "A"	25p	7	272	− 6	347	176
Imperial Group	25p	7	72½	− 1¼	86	64

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1977/8 High	1977/8 Low	Stock	Closing Price p	+ or −	Div. Amount	Times covered	Gross Yield	P/E Ratio
—	—	—	—	—	—	—	—	—	—	—	—

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1977/8 High	1977/8 Low	Stock	Closing Price £	+ or −
£1	nil	20/2	40pm	34pm	Automated Secs. 8% Cnv. Cum. Pref.	36pm	—
—	F.P.	24/2	105p	101p	Batleys of Yorkshire 10% Cum. Pref.	104½p	—
—	F.P.	21/2	109p	99p	Centreway 11% Cum. Pref.	109p	+1
£99	F.P.	3/3	100	99¼	Grampian Reg. 10¾% 1985	100	—
$100	F.P.	—	$98	$96¼	Inco 9½% Notes 1984	$97	−1
$100	F.P.	—	$98	$96¼	Do. 9% Deb. 1992	$97	−1
£100	£30	24/3	36¼	30½	Kensington & Chelsea 11¾% 86-87	32¼	—
£100	F.P.	—	100¼	99⅞	Do. Do. Variable '82	100⅛	—
£100	F.P.	—	100¼	100⅛	Leicester Variable 1982	100¼	—
—	nil	28/4	102	100	Pearson (S.) 10½% Ptr. Cnv. Ln. 1985-88	100	−2
£100¼	F.P.	—	£98¾	£98⅛	Rowntree Intl. 10¾% 1988	£99	+½
—	F.P.	—	£99	£98	Sears Intl. Fin. N/V. 10¾% 1988	£99	—
—	F.P.	—	$97	$96	Shell Intl. Fin. N/V. 8¼% Guar. Notes 1990	$97	—
£99½	F.P.	—	100⅛	99½	Tameside Variable 1985	100	—
£99¼	£10	28/4	10¾	7½	Do. 10½% Red '84-5	9¼	—
—	F.P.	24/2	105p	104p	Whitehouse (G.) 11% Cum. Pref.	104½p	−½

"RIGHTS" OFFERS

Issue Price p	Amount paid up	Latest Renunc. Date		1977/8 High	1977/8 Low	Stock	Closing Price p	+ or −
65	nil	—	—	21pm	19pm	AGB	20pm	−1
95	F.P.	31/1	24/2	122	115	Arlington Motor	119	—
50	F.P.	6/1	10/3	79	66	Cableform	70	—
32	F.P.	23/1	27/2	51	38	Christy Bros.	42	—
$A1.75	nil	24/2	10/3	52pm	45pm	Comm. Bank of Australia	45pm	−1
10	nil	—	—	11½pm	10pm	Crystalate	11¼pm	+¼
10	F.P.	1/2	17/3	42½	36	L.R.C. International	42½	—
21	nil	20/2	30/3	7pm	5½pm	Manchester Garages	6½pm	—
330	nil	21/2	31/3	17pm	10pm	Midland Bank	10pm	−3
$A1.75	nil	17/2	4/3	65pm	40pm	National Bank of Australasia	50pm	−2
84	F.P.	10/2	10/3	94	81½	Neill (Jas.)	87	+1
56	F.P.	3/2	3/3	84	71	Preedy (Alfred)	82	—
10	F.P.	19/1	16/2	15	11	Sturla (Geo.)	13½	−½

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend; cover based on previous year's earnings. *r* Dividend and yield based on prospectus or other official estimates for 1979. *q* Gross. *t* Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. *pt* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of Ordinary shares as a "rights." ** Rights by way of capitalisation. †† Minimum tender price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former Preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actu and the Faculty of Actuaries

	EQUITY GROUPS GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Tues., Feb. 14, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.) (Corp. Tax 52%)	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net) (Corp. Tax 52%)	Mon. Feb. 13 Index No.	Fri. Feb. 10 Index No.	Thurs. Feb. 9 Index No.	Wed. Feb. 8 Index No.
1	CAPITAL GOODS (170)	202.28	−1.2	17.53	5.76	8.04	204.84	204.83	205.25	201.82
2	Building Materials (27)	180.21	−1.0	16.94	5.87	8.42	182.03	182.19	183.89	179.23
3	Contracting, Construction (26)	324.74	−0.4	17.78	3.90	8.17	326.02	324.90	326.16	318.26
4	Electricals (15)	431.33	−2.4	15.35	4.11	9.33	441.95	443.81	442.97	436.76
5	Engineering Contractors (13)	288.74	−0.6	20.29	6.55	6.75	290.53	291.02	292.82	289.30
6	Mechanical Engineering (72)	160.08	−0.9	18.52	6.48	7.68	161.50	161.37	161.53	158.48
8	Metals and Metal Forming (17)	163.32	−0.9	19.23	8.37	6.87	164.85	164.49	164.79	163.52
	CONSUMER GOODS									
11	(DURABLE) (53)	186.08	−0.9	18.25	5.00	7.95	187.81	188.21	188.93	185.76
12	Lt. Electronics, Radio TV (15)	223.23	−1.4	15.96	3.73	9.05	226.35	226.94	227.71	223.79
13	Household Goods (12)	170.42	+0.1	18.59	6.96	7.36	170.32	171.37	171.30	168.99
14	*Motors and Distributors* (28)	113.82	−0.4	21.76	6.54	6.78	114.32	114.36	114.99	113.86
	CONSUMER GOODS									
21	(NON-DURABLE) (176)	189.83	−1.5	16.90	6.10	8.34	192.81	193.96	194.43	192.09
22	Breweries (14)	211.83	−1.3	15.36	6.57	9.87	214.56	216.67	216.77	213.71
23	Wines and Spirits (6)	239.74	−2.1	17.25	6.00	8.79	244.94	247.61	247.86	244.42
24	Entertainment, Catering (18)	243.47	−2.3	17.31	7.06	8.45	249.16	251.85	253.24	249.54
25	Food Manufacturing (22)	185.47	−1.5	21.55	5.75	6.60	188.28	188.85	190.13	187.59
26	Food Retailing (16)	186.73	−1.6	14.60	4.89	9.96	189.68	189.60	190.77	188.18
32	Newspapers, Publishing (13)	326.25	−1.7	10.30	3.82	14.43	332.04	329.99	327.62	321.99
33	Packaging and Paper (15)	119.68	−1.8	22.05	9.71	6.52	121.90	121.41	122.77	122.87
34	Stores (38)	178.42	−1.5	10.74	4.43	14.59	181.28	180.37	180.86	178.57
35	Textiles (25)	172.62	−1.6	20.23	7.70	6.25	175.37	174.31	173.70	171.61
36	Tobaccos (3)	221.22	−1.0	25.50	8.46	4.74	223.39	234.74	233.24	231.46
37	Toys and Games (6)	100.15	−0.5	20.61	5.93	6.49	100.69	99.30	99.39	98.17
41	OTHER GROUPS (97)	186.57	−0.9	17.03	5.82	7.99	188.33	188.19	188.65	185.72
42	Chemicals (20)	252.33	−1.2	19.65	6.63	7.15	255.50	255.02	256.48	253.38
43	Pharmaceutical Products (7)	245.52	−1.2	11.21	4.04	11.45	246.38	248.51	249.62	248.08
44	Office Equipment (6)	129.33	−1.3	21.25	4.78	6.24	131.00	131.32	130.07	127.53
45	Shipping (10)	456.52	−0.7	21.57	6.41	5.49	459.51	459.49	459.22	451.62
46	Miscellaneous (54)	196.55	−0.4	16.07	6.23	8.82	197.42	197.17	197.53	195.56
49	INDUSTRIAL GROUP (496)	198.32	−1.3	17.18	5.87	8.15	200.88	201.40	201.88	198.98
51	Oils (4)	440.95	−1.3	15.79	4.44	7.70	446.98	446.60	448.09	442.25
59	500 SHARE INDEX	218.66	−1.3	16.98	5.66	8.08	221.51	221.96	222.53	219.38
61	FINANCIAL GROUP (100)	161.87	−0.5	—	5.45	—	162.73	162.45	163.65	161.24
62	Banks (6)	181.79	−0.6	26.15	5.75	5.83	182.93	183.06	183.86	182.68
63	Discount Houses (10)	200.90	—	2.56	8.22	—	200.90	201.95	202.59	198.66
64	Hire Purchase (5)	148.35	−0.7	12.38	5.29	11.95	149.41	149.36	154.06	151.88
65	Insurance (Life) (10)	135.87	−0.1	—	6.10	—	135.97	135.72	139.38	136.13
66	Insurance (Composite) (7)	125.01	−1.1	—	6.44	—	126.46	126.29	127.93	125.66
67	Insurance Brokers (10)	311.13	+0.1	13.78	4.41	10.61	310.85	311.14	312.51	304.03
68	Merchant Banks (14)	78.28	−0.3	—	6.11	—	78.50	78.22	77.73	77.48
69	Property (31)	241.38	−0.2	2.85	2.84	66.24	241.90	240.36	239.35	236.15
70	Miscellaneous (7)	106.81	−0.1	24.12	7.36	5.75	106.90	106.04	106.15	104.59
71	Investment Trusts (50)	184.33	−0.3	3.37	5.05	29.70	184.88	185.86	185.98	182.57
81	Mining Finance (4)	88.60	−1.0	17.60	6.61	6.61	89.51	87.47	86.92	86.41
91	Overseas Traders (19)	275.42	+0.4	17.12	7.06	7.35	274.27	274.76	273.67	268.26
99	ALL-SHARE INDEX (673)	202.43	−1.1	—	5.64	—	204.62	204.85	205.92	202.49

FIXED INTEREST PRICE INDICES

	British Government	Tues. Feb. 14	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	107.53	−0.43	—	1.75
2	5-15 years	119.08	−1.06	—	1.43
3	Over 15 years	126.54	−1.11	—	1.64
4	Irredeemables	142.77	−1.04	—	0.00
5	All stocks	117.18	−0.84	—	1.61

FIXED INTEREST YIELDS
Br. Govt. Av. Gross Red.

			Tues. Feb. 14	Mon. Feb. 13
1	Low Coupons	5 years	7.87	7.78
2		15 years	10.11	9.96
3		25 years	10.58	10.45
4	Medium Coupons	5 years	10.11	9.86
5		15 years	11.06	10.97
6		25 years	11.19	11.06
7	High Coupons	5 years	10.72	10.46
8		15 years	12.02	11.85
9		25 years	12.09	11.94
10	Irredeemables		11.63	11.53

		Tuesday, Feb. 14 Index No.	Tuesday, Feb. 14 Yield %	Monday Feb. 13	Friday Feb. 10	Thurs. Feb. 9	Wed. Feb. 8	Tues. Feb. 7	Mon. Feb. 6
15	20-yr. Red. Deb. & Loans (15)	61.52	†12.07	61.75	61.37	61.30	61.83	62.20	62.16
16	Investment Trust Prefs. (15)	57.08	[illegible]	57.03	57.10	56.95	57.47	57.47	57.13
17	Coml. and Indl. Prefs. (20)	77.48	11.71	77.48	77.44	77.53	77.53	77.77	77.77

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Street, London, EC4, price 15p, by post 22p.

AUTHORISED UNIT TRUSTS

Friends' Provdt. Unit Tr. Mgrs.
Pixham End, Dorking.

Friends Prov. Uts.	40.8	42.7		4.51
Do. Accum.	50.5	54.3	-0.1	4.51

G.T. Unit Managers Ltd.
16, Finsbury Circus EC2M 7DD 01-628 8131

G.T. Cap. Inc.	79.7	85.0	-0.1	3.65
Do. Acc.	96.6	102.1	-0.2	3.60
G.T. Inc. Fd. Un.	160.9	171.1	-0.5	8.08
G.T. U.S. & Gen.	132.7	141.1	+0.2	2.20
G.T. Japan & Gen.	227.2	239.8	+1.2	1.30
G.T. Pens. Ex. Fd.	131.0	137.5		4.10
G.T. Intl. Fund	105.9	112.7	+0.1	2.30
G.T. Four Yds. Fd.	52.2	55.5		7.40

G. & A. Trust (a) (g)
5, Rayleigh Rd., Brentwood (0277) 227300

G. & A.	30.3	32.4	-0.1	4.78

CLIVE INVESTMENTS LIMITED
Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101
Index Guide as at 7th February, 1978 (Base 100 at 14.1.77.)

Fixed Interest Capital	135.06
Fixed Interest Income	123.17

CORAL INDEX: Close 456-461

INSURANCE BASE RATES

Property Growth	7½%
Cannon Assurance	4¼%
Vanbrugh Guaranteed	7.125%

Address shown under Insurance and Property Bond Table.

Unit Trust Notebook No.15

History of Unit Trusts Part II

…reign Government Bond Trust, the first truly flexible …hich gave managers freedom to change investments …nched in 1934. In the following year there appeared …t such fund investing in ordinary shares; this, the …Investment Fund, thus became the prototype of unit … their modern form.

…5 and 1936 The Stock Exchange and the Board of …espectively each produced a report on unit trusts. …ports agreed that unit trusts met an investment need …ommended that common standards of management …eration should be accepted by all unit trust managers. …eports led to the Prevention of Fraud (Investments) …939, which was up-dated by the Prevention of Fraud …nents) Act of 1958 and is currently in force.

…Acts brought the unit trust industry under the regula- …the Board of Trade, and introduced the principle of …ed unit trusts. A trust must be authorised by the …now Department) of Trade if its units are to be sold …ublic.

…9, there were 89 trusts managed by 15 management …ies and the market value of the investments held by …s around £80 million. The outbreak of war put an …nit trust expansion and the second wave of growth …

…d, and still current, wave of growth started with the …f Unicorn Trust in 1957. In October 1959, when the …ion of Unit Trust Managers (now the Unit Trust …ion) was formed there were 11 management com- …anaging 47 unit trusts.

…arked the beginning of a significant and spectacular …n. Over the next decade the value of the funds under …nent increased five-fold from £500m to £2,500m. …ame time the number of management companies …d from 30 to 95 and the number of trusts from 120 … Today, 100 management companies manage 385 …d funds under management exceed £3,400m.

Unit Trust Association
16 Finsbury Circus, London EC2M 7JP Telephone 01-628 0871.

OFFSHORE AND OVERSEAS FUNDS

INSURANCE, PROPERTY, BONDS

Windsor Life Assur. Co. Ltd.
1 High Street, Windsor Windsor 68144

Life Inv. Plans	69.0	72.6	+0.6	—
FutureAssd.Gth(a)		19.0		—
FutureAssd.Gth(b)		47.0		—
Ret. Assd. Pens		£26.38	-1.37	—
Flex. Inv. Growth	110.1	115.9	+3.9	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ‡. ‡ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1977-78 High	Low	Stock	£	+ or —	Yield Int.	Red.
104	97½	Treasury 10½pc '78	102	—	10.29	5.55
100½	90¾	Exch. 5pc '76-78	99½	—	5.03	6.04
107	95¾	Treasury 11½pc '79	103½xd	—¼	11.06	7.59
97¼	84½	Treasury 3pc '79	96½xd		3.11	5.33
98¾	85¼	Electric 4¼pc '74-79	97¼	—	4.37	6.06
106½	92	Treasury 10½pc '79	103	—	10.19	8.50
97½	84½	Electric 3½pc '76-79	95⅝	—	3.66	6.17
[illegible]	87	Treasury 9pc 1980	101½xd	—	8.88	8.27
105	88⅜	Treasury 9½pc '80	101⅛	—	9.37	8.80
96	82⅞	Treasury 3½pc '77-80	93½	—	3.74	6.55
98¼	83	Funding 5¼pc '78-80	95¼	—	5.5[illegible]	7.50
112½	96½	Exchequer 13pc 1980	107	—	12.11	9.86
108½	92	Treasury 11½pc 1981	104⅛	—¼	11.04	10.21
94¼	77½	Treasury 3½pc '79-81	90¼xd	—¼	3.88	7.16
104	86½	Treasury 9¾pc 1981	99½	—	9.80	9.93
97	95¼	Exch. 8¼pc 1981	95¾	—	8.62	9.76
103½	97½	Exch. 9¾pc 1981	99⅞	—¼	9.56	9.73
92½	87½	Exch. 3pc 1981	87½xd	—	3.42	7.02
98¾	[illegible]	Treas. Variable '81	96½		[illegible]	7.54
[illegible]	96¼	Exch. 12¼pc 1981	108½	—	[illegible]	10.09
100⅝	82⅞	Treas. 8¼pc '80-82	95⅞	—	8.87	9.79
93½	71½	Treasury 3pc '82	85¼xd	—	3.52	7.32
119½	101⅞	Treasury 14pc '82	112¼xd	—	12.47	10.24
98½	95	Treas. Variable '82	96		6.72	7.55
96½	93½	Treasury 8¼pc '82	94½	—	8.73	9.82
[illegible]	93½	Exch. 9¼pc 1982	97½xd	—	9.49	9.95

Five to Fifteen Years

1977-78 High	Low	Stock	£	+ or —	Yield Int.	Red.
87⅝	81	Exch 3pc '83	81½xd	—	3.67	7.41
114¼	95½	Treasury 12pc 1983	106xd	—1	11.22	10.21
101½	95¾	Treasury 9¼pc '83	96½	—	9.62	10.19
95½	72½	Funding 5½pc '82-84	85⅞	—	6.44	8.70
100¾	77½	Treasury 8½pc '84-86	92⅞	—	9.19	9.83
87½	66¾	Funding 6½pc '85-87	84	—	7.92	9.45
94	68½	Treasury 7¾pc '85-88	85½	—	9.11	10.16
74½	49½	Transport 3pc '78-88	64	—	4.72	8.30
76¼	53½	Treasury 5pc '86-89	70⅛	—	7.31	9.54
121¼	90	Treasury 13pc 1990	109½	—1¼	11.99	11.67
94¾	67½	Treasury 8¼pc '87-90	84½	—	9.88	10.69
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.81	11.87

Over Fifteen Years

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

AMERICANS—Continued

S.E. List Premium 34% (based on $1.9417 per £)

Conversion factor 0.7438 (0.7472)

CANADIANS

S.E. List Premium 34% (based on $2.1555 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Cont.

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INV. TRUSTS—Continued

Finance, Land, etc.

FINANCE, LAND—Continued

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1977-78 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
195	70	Falcon Rh.50c	180	......	Q50c	1.3	25.0
24	9	Rhod'n Corp. 16½p	20	......	0.57	4.3	4.3
165	52	Roan Cons. K4	65		—	—	—
164	115	Tanganyika 50p	131	-1	Q11.5	1.1	8.4
80	70	Do. Pref. 80p	78	......	Q9%	16.4	9.2
42	27	Wankie Col. Rh.1	37		Q7½c	1.4	17.3
27½	10	Zam.Cpr.SBD0.24	11½	......	—	—	—

AUSTRALIAN

1977-78 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
20	10	Acmex 25c	11		—	—	—
127	57	Bougainville 50 Toea	79		Q8c	1.5	6.4
128	69	BH South 50c	72	-1	—	—	—
325	119	Conzinc Riotinto 50c	166		Q9c	2.3	3.3
65	18	G.M. Kalgoorlie $1	62		—	—	—
112	77	Hampton Areas 5p	89	-1	1.45	4.1	2.5
35	10	Metals Ex. 50c	13	......	—	—	—
242	125	M.I.M. Hldgs. 50c	133xd	......	Q9c	1.7	4.2
105	10	Mount Lyell 25c	19	......	—	—	—
2¼	1	Newmetal 10c	2	......	—	—	—
120	79	North B. Hill 50c	87	......	Q8c	1.5	5.7
12	4½	Nth. Kalgurli	8½	......	—	—	—
144	87	Oakbridge $A1	143	+2	Q11c	1.9	4.8
55	20	Pacific Copper	35		—	—	—
£13	575	Pancont'l 25c	825	-50	—	—	—
19	8	Paringa M&Ex.5p	12½	......	—	—	—
555	345	Peko-Wallsend 50c.	432	-3	Q15c	4.0	2.2
—	—	Poseidon 20c	75ø	......	—	—	—
164	85	Westn. Mining 50c	89	......	Q6c	1.4	4.2
75	40	Whim Creek 20c	40	......	—	—	—

TINS

1977-78 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
39	18	Amal. Nigeria	28	......	2.51	1.6	13.6
395	240	Ayer Hitam $M1	265	......	Q416.7c	0.9	33.8
57	25	Beralt Tin	50	......	3.75	2.3	11.4
260	155	Berjuntai $M1	215	......	‡Q60c	ф	‡
570	260	Geevor	470	......	18.05	3.4	5.8
13	8	Gold & Base 12½p	9	......	—	—	—
325	190	Gopeng Cons.	265	......	15.0	ф	8.6
150	72	Hongkong	150	......	—	—	—
100	60	Idris 10p	90	......	7.5	ф	12.6
11	7	Jantar 12½p	11	......	—	—	—
85	30	Kamunting $M0.50	68	......	2015.5c	0.7	4.9
490	260	Killinghall	450	......	Q125	ф	27.8
410	217	Malay Dredging $M1	295	......	Q95.5c	0.8	7.0
49	40	Pahang	49	......	1Q2.5	0.5	5.1
70	50	Pengkalen 10p	53	......	6.5	ф	18.6
215	133	Petaling $M1	165	......	[illegible]	10.9	1.6
90	35	Saint Piran	52	......	‡1.99	ф	5.8
73	55	South Crofty 10p	58	......	‡4.12	1.5	10.4
210	77	South Kinta $M0.50	150	+2	‡Q77.6c	1.4	11.1
305	148	Sthn Malayan $M1	250	......	‡Q53.5c	1.1	11.3
160	57	Sungei Besi $M1	150	-5	—	—	—
60	19	Supreme Corp. $M1	60	......	ZQ10c	—	3.6
102	42	Tanjong 15p	98	......	4.5	ф	7.0
95	45	Tongkah Hrbr. $M1	74	......	‡Q67c	1.6	16.5
203	93	Tronoh $M1	162	-2	ZQ30c	2.0	4.0

COPPER

1977-78 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
198	84	Messina R0.50	85	......	‡Q30c	1.9	‡

MISCELLANEOUS

1977-78 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
9½	9	Burma Mines 17½p	9	......	—	—	—
115	58	Colby Mines $1	78	-2	—	—	—
600	225	Cons. Murch. 10c	290	......	Q30c	ф	‡
475	250	Northgate C$1	250	......	—	—	—
247	169	R.T.Z.	175	-2	t8.5	q3.1	7.4
70	28½	Sabina Inds C$1	36	+2	—	—	—
£14¼	800	Tara Exrtn. $1	830	+10	—	—	—
55	39	Tehidy Minerals 10p	45	......	1.21	2.5	4.1
160	121	Yukon Cons. C$1	125	......	Q7c	ф	3.4

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution: bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ф Figures or report awaited.
- ☆ Unlisted security.
- § Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ¢ Not comparable.
- ♦ Same interim, reduced final and/or reduced earnings indicated.
- ¶ Forecast dividend: cover on earnings updated by latest interim statement.
- † Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¥ Excluding a final dividend declaration.
- ☼ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1978. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xe ex capital distribution.

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or —
Albany Inv. 20p	23	......
Ash Spinning	42	......
Bertam	16	......
Bdg'wtr. Est. 50p	282	......
Clover Croft	22	......
Craig & Rose £1	400	......
Dyson (R.A.)	38	......
Ellis & McHdy	68	......
Evans Fr'k. 10p	58	......
Evered	16½	-½
Fife Forge	47	......
Finlay Pkg. 5p	20	-1
Graig Ship. £1	235	-5
Higsons Brew	83	......
I.O.M. Stm. £1	150	-10
Holt (Jos.) 25p	265	......
N'thn. Goldsmith	67	-1
Pearce (C. H.)	130	......
Peel Mills	17	......
Sheffield Brick	47	......
Sheff. Refrshmt.	51	......
Shiloh Spinn	19	......
Sindall (Wm.)	85	......

IRISH

Stock	Price	+ or —
Conv. 9% '80/82	£96¼xd	......
Alliance Gas	70	......
Arnott	315	......
Carroll (P.J.)	105	......
Clondalkin	80	......
Concrete Prods	125	......
Heiton (Hldgs.)	55xd	......
Ins. Corp	163	......
Irish Ropes	130	......
Jacob	60	......
Sunbeam	30	......
T.M.G.	174	......
Unidare	70	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	23	Tube Invest	30
A.P. Cement	18	"Imps"	7	Unilever	40
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	10	Inveresk	7	Vickers	15
Barclays Bank	25	KCA	5	Woolworths	6
Beecham	38	Ladbroke	17	**Property**	
Boots Drug	15	Legal & Gen.	14	Brit. Land	3¼
Bowaters	16	Lex Service	7	Cap. Counties	5
B.A.T.	24	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lofs"	5	Intereuropean	4
Brown (J.)	20	London Brick	5	Land Secs.	18
Burton 'A'	13	Lonrho	7	MEPC	12½
Cadburys	5	Lucas Inds.	25	Peachey	10
Courtaulds	10	Lyons (J.)	13	Samuel Props.	10
Debenhams	10	"Mams"	7	Town & City	2
Distillers	12	Mrks. & Spncr.	11	**Oils**	
Dunlop	8½	Midland Bank	25	Brit. Petroleum	35
Eagle Star	11	N.E.I.	20	Burmah Oil	7
E.M.I.	18	Nat. West Bank	22	Charterhall	3½
Gen. Accident	17	Do. Warrants	10	Shell	28
Gen. Electric	18	P&O Dfd.	10	Ultramar	22
Glaxo	40	Plessey	9	**Mines**	
Grand Met.	9	R.H.M.	5	Charter Cons.	12
G.U.S. 'A'	18	Rank Org. 'A'	18	Cons. Gold	20
Guardian	18	Reed Intl.	14	Rio T. Zinc	16
G.K.N.	22	Spillers	4		
Hawker Sidd.	20	Tesco	4		
House of Fraser	12	Thorn	22		
		Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Wednesday February 15 1978

Mrs. Thatcher turns down Callaghan race talks plan

BY RUPERT CORNWELL, LOBBY STAFF

MRS. MARGARET THATCHER last night brushed off a call from the Prime Minister for speedy talks between the leaders of the three main political parties to work out an agreed national approach to immigration.

Mr. James Callaghan's unexpected move came during renewed fierce exchanges in the Commons yesterday—an occasion given added spice by Conservative indignation and embarrassment after Mr. Edward Heath's foray against Mrs. Thatcher's policies.

Last night, the Opposition leader pointed out that the Prime Minister did not join in any "national approach" when the Tories' 1971 Immigration Act was going through Parliament, but in fact led the opposition toi t.

She declared herself ready to examine "specific proposals" but argued that a decision on any all-party summit should wait.

Unlike Mr. Callaghan who wants as quick a start as possible, she feels talks should not begin before the all-party Commons Select Committee on race and immigration has reported. It is not expected until after Easter.

Later Mr. Callaghan presented his initiative as a means of securing bi-partisan agreement and of avoiding the risk "of exacerbating racial tension and hatred in our society."

Nevertheless many MPs on both sides are convinced that in part it reflects Labour's worry at being upstaged by the Tories on an issue which opinion polls suggest may be a rich vote winner at the next election.

The Prime Minister's plan is for the conference to be informal. In addition to himself, Mrs. Thatcher and Mr. David Steel, the Liberal leader, the participants should comprise Mr. Merlyn Rees, the Home Secretary, Mr. William Whitelaw his Conservative shadow, and Mr. Reginald Maudling, Tory Home Secretary at the time of the 1971 Act which forms the basis of present immigration regulations.

Mr. Steel last night welcomed Mr. Callaghan's offer and promised that the Liberals would be ready to take part.

Mr. Callaghan outlined the aims of the talks in general terms. They should deal, he suggested, with the administration of the 1971 Act, with an exchange of views on commitments given by both Labour and Conservative governments, "and on positive policies for the promotion of racial equality."

While Labour MPs were delighted at the discomfiture caused the Tories by Mr. Heath's repudiation of Mrs. Thatcher's approach, Tories on both wings of the party were for the most part strongly critical.

Although Mr. Peter Walker, the former Cabinet minister and close lieutenant of Mr. Heath, spoke in his favour, even liberal Tory MPs were furious at what they see as an ill-timed and truculent gesture.

Not only are Mr. Heath's remarks on Monday taken as closing the road to the widely hoped for reconciliation with Mrs. Thatcher, but they are seen as spoiling the new united line on immigration which Tory managers had been preparing.

Moderates on immigration were convinced that after the uproar caused by the original Granada television interview, intensive lobbying had nudged Mrs. Thatcher back on to a tack acceptable to all sections of the party. This process culminated in the carefully worded formula she put to Young Conservatives, at Harrogate on Sunday.

Mr. Heath was yesterday unrepentant, reiterating that the 1971 legislation passed by his Government provided all the powers that were necessary. It must be made "absolutely clear," he said, that the Conservatives did not have an anti-immigrant policy and to bar male fiances would be an infringement of human rights.

Parliament, Page 10

United Brands 'abused position'

By A. H. Hermann

BRUSSELS, Feb. 14.

THE EUROPEAN Court has upheld an EEC Commission decision that United Brands of the U.S. abused its dominance of the banana market in some Common Market countries.

The seven judges dismissed United Brands' appeal against three of the counts in the Commission's decision but found that the Commission had not proved the charge of over-pricing.

United Brands—formerly the United Fruit Company—was accused of abusing its market in the Benelux countries, Denmark, West Germany and Ireland in a Commission decision published on April 9, 1976.

Dispute

To-day the court, the highest legal institution in the EEC, reduced the fine imposed by the Commission from 1m. units of account (about £400,000) to 850,000 units.

The 163-page judgment provides the Commission with an improved legal armoury for combatting attempts by large companies to treat the Common Market other than as a single unit. In particular, it will strengthen the Commission's hand in its dispute with the Distillers Company.

The judgment clearly outlaws the charging of different prices in different member countries as long as the cost of the product to the supplier remains the same. Any profits from higher local price levels have to be left to local traders.

The court provided a better legal basis for EEC price control by ruling that prices which did not bear a "reasonable relation" to costs were unfair and must not be charged by companies in a dominant position. It revised its former definition of market dominance so that it will now embrace a much wider circle of companies than so far.

Dramatic

The court endorsed the Commission's finding that United Brands' refusal to supply a Danish distributor because he participated in the promotion of a competing brand of bananas was illegal.

David Buchan, writes: To-day's judgment was "of ominous significance to every competitive company trading in the EEC," Mr. W. Klitsie, senior European vice-president of United Brands, said later.

He criticised the court's "dramatic re-interpretation" of Article 86 of the Rome Treaty concerning the abuse of dominant position.

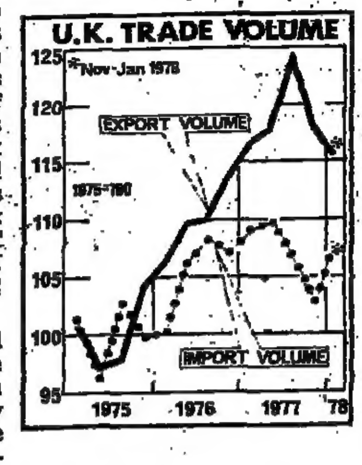
Mr. Klitsie said that a "firm will from now on be presumed to dominate any market in which it operates, by virtue of having an appreciably larger share than its next largest competitor, irrespective of the existence of active and powerful competition."

Judgment, Page 3

THE LEX COLUMN

Trade figures test the market's nerve

Index fell 10.2 to 459.7



Last week's banking statistics were a nasty reminder that to-morrow's money supply figures are probably going to be outside the target growth band of 9 to 13 per cent. And yesterday's shocking trade figures added to the financial gloom. January's current account deficit of £179m. compares with a surplus of £109m. for the whole of last year and the stock market did not like that at all. Equities suffered their sharpest setback since late November, prices of long-dated gilt-edged stock fell by £1¼, and the Bank of England was supporting sterling.

The trade figures are so bad that the feeling is that there must be some easy excuse, such as the problem of seasonally adjusting the data over the Christmas holiday period to explain away the aberration. Last January the trade figures were also unnaturally bad and the stock market over reacted then, with the FT 30-share Index falling by 15.2 points on the news, only to recover sharply in the following two days.

However, even though the figures may be "freakishly bad," the quarterly trends are not reassuring. Over the last 12 months the volume of manufactured imports has risen by roughly 5 per cent. at a time when U.K. manufacturing output has fallen by close to 2 per cent. This does not augur well for the time when U.K. output starts to rise.

For the gilt-edged market the poor trade figures pose two problems. First, they could encourage foreign holders of gilts to take their profits while sterling remains strong. Second, they can only have made the Government Broker's task more difficult—at £24½ the long tap is now £1½ below the price at which it was last operative. Given the difficulties in selling stock the Government may have to reintroduce the corset if the authorities are to retain control of the monetary aggregates.

Massey-Ferguson

Massey-Ferguson's shares were suspended in Canada and Europe yesterday ahead of a Board meeting in Toronto which decided to omit the first quarter dividends not only on the Ordinary shares, but also, and more seriously, on the Preferred stock. The suspension left the shares at around $13 compared with over $30 a couple of years ago.

The immediate cause of the trouble was a very rough trading performance during 1977. M-F started that year with a heavy series of new product launches, concentrated in the case of tractors in its European plants. But its manufacturing schedules were wrecked by a major strike at its Coventry works, said to be the biggest tractor plant in the Western world. This was followed by a stream of disputes among U.K. component suppliers and a stoppage in France. At the same time, the important Brazilian business was slashing output in the face of a breakdown in the flow of Government credit to the rural sector.

The upshot was an 11 per cent. fall in worldwide tractor production, mainly stemming from the U.K. and Brazil. Output from the U.K. engine business, which represents two-fifths of M-F's total production in this sector, fell by a sixth. And with sales of industrial and construction machinery only marginally higher around the world in value terms, net income plummeted from $118m. to under $33m.

This setback came as a serious blow to a group which had originally been budgeting for an improved performance, and which had been left in an exposed financial position by years of aggressive international expansion. Its capital spending since 1973 has totalled nearly $600m.—not all that far short of the U.S. giants Deere and International Harvester, which are both very roughly twice its size in terms of net worth. And whereas these two groups remain heavily geared to the North American market, M-F has been growing rapidly all around the world. North America now counts for only 30 per cen[t] [of] its sales, while new marke[ts in] Latin America, and Asia [have] been developed very rapidly.

Unfortunately for M-F, [the] North American market [is] currently much more st[able] than most others in the wo[rld]. Deere recently forecast tha[t] first quarter would be "[well] ahead" of 1977's figures. [But] M-F has moved into substan[tial] losses in the first part of [the] current year.

Its balance sheet is alre[ady] showing the strain and [its] debt/equity ratio is [...] 1.2. The group would [have] liked to raise new equity [in] 1977, but felt that the disc[ount] it would have been forced [to] offer on its net worth of nea[rly] $40 per share ruled out such issue.

Ahead of last night's s[tate]ment, financial analysts [in] Toronto were confident [that] M-F was not planning rad[ical] surgery—such as signific[ant] disposals—to restore the fi[nan]cial balance. But there se[ems] to be no doubt that after ye[ars] of bold and imaginative ex[pan]sion the group will have to c[urb] its ambitions for some time [to] come.

London Sumatra

The Rothschild consorti[um] now to be known as McL[...] Sipef, has at last publishe[d] £17¼m. cash offer for Lo[ndon] Sumatra. The document re[...] Rothschild's complaint [...] Harrisons and Crosfield [...] gradually gaining control [of a] variety of companies wit[hout] making a proper bid. But [of] more immediate interest [is] £10½m. price tag which McL[...] Sipef has put on [...] Indonesian estates.

There are enorm[ous] difficulties involved in val[uing] Indonesian estates (an[d] Malaysian properties) bec[ause] of uncertainties over [the] remittances which will [be] allowed and the capital exp[en]diture which the authorities [...] require.

However, there can be li[ttle] doubt that London Sumatra [and] Fleming, its advisers, will [be] able to marshal suffic[ient] arguments to justify Harris[ons] and Crosfield and associates blocking these terms with [...] 43 per cent. stake. And shareholders in the Harris[ons] empire are notoriously loya[l] whatever their board m[ay] recommend.

Receiver for Chester Barrie

By Rhys David

CHESTER BARRIE, one of the top names in men's wear, has been placed in Receivership as a result of cash-flow difficulties after years of losses.

The company's annual turnover, about £6m. to £7m., has been badly affected by the recession, which hit sales of its expensive hand-finished men's suits, costing about £150, and other outer wear.

The privately owned company lost £250,000 in 1976. There was a further loss last year, though results have not yet been published.

Profitable

Mr. James Power, former senior executive of the Burton Group, who joined the company in September and is now managing director, said yesterday that improved sales meant current trading was profitable.

But there were cash flow problems. As a result, the Midland Bank, the major creditor, appointed a Receiver, Mr. Philip Livesey, of Coopers and Lybrand.

Chester Barrie was founded in 1937 in Crewe by an American, Mr. Simon Ackerman, after frequent visits to Europe to buy materials for his clothing business in New York. His son, Mr Myron Ackerman, retired as managing director 18 months ago. He is company president.

The company employs 1,000 in two factories, in Crewe and Wrexham. It has met increasing customer resistance in recent years because of the high prices of its suits of high-quality cloth.

Younger market

An attempt was made with development of the Wrexham factory to move into lower-price high-quality garments aimed at the younger market, without the hand stitching of the Chester Barrie suit.

This venture, under the Ackerman International label, was only partially successful and was abandoned.

Talks with Burton about a possible marketing venture in the U.S. broke off without agreement.

This autumn there will be another attempt to market a lower-price suit under the label David Locke.

Industrial output steady in spite of demand rise

BY DAVID FREUD

INDUSTRIAL production remained steady over the closing months of last year and output for the year was marginally up on 1976.

The steady trend persisted in spite of a slight rise in the level of consumer demand towards the end of last year.

However, the indications are that the rundown in holdings of stocks of finished and other goods has ended, so the upturn in consumer demand expected by retailers from the second quarter should fairly rapidly be reflected in rising output as well as in higher imports.

The All-industries Index rose 0.8 per cent. during December to 102.1, while there was a 1.4 per cent. gain for the manufacturing sector to 103.3 (1970=100, seasonally adjusted).

Comparing the final quarter of last year with the previous three months, all-industries output fell by 0.9 per cent., while manufacturing was down 1.1 per cent.

On a longer-term comparison, the All-industries' Index in the fourth quarter was 1.5 per cent. below the level in the same period a year earlier.

The better December figures are almost entirely explained by the improvement in the level of output of the motor vehicle industry, whose production was 10 per cent. up on November after a period of labour disputes.

For last year the All-industries' Index was 102.3 compared with 102.0, and the equivalent figure for the manufacturing index was 103.6 (103.1).

The weather over the last half-year depressed the All-industries' Index in the final quarter.

INDUSTRIAL PRODUCTION
1970=100 seasonally adjusted

		All Industries	Manufacturing
1976	1st	101.2	101.4
	2nd	102.3	103.2
	3rd	101.5	103.4
	4th	103.0	104.5
1977	1st	103.3	105.3
	2nd	102.0	102.9
	3rd	102.5	103.6
	4th	101.5	102.5
	Sept.	102.4	103.3
	Oct.	101.2	102.2
	Nov.	101.3	101.9
	Dec.	102.1	103.3

Source: Central Statistical Office

Demand for gas and electricity was higher than usual in the third quarter because of cold weather and lower in the fourth quarter because it was warmer than usual. The sector's production was down 3.4 per cent. over the six months.

North Sea oil production reached a new high in December, up marginally on the previous record set in September to satisfy nearly 50 per cent. of U.K. demand.

An analysis by market sector shows that output in consumer goods industries rose by 0.8 per cent. over the two quarters while output of investment goods industries fell 0.7 per cent. and intermediate goods — fuel and materials—sustained a 3.3 per cent. fall.

In the final quarter, chemicals were down 4.2 per cent., due to low European demand tied to the appreciation of sterling which has hit export competitiveness.

Metal manufacturing was down 11 per cent. because of a general lack of demand, particularly at British Steel. A 0.2 per cent. improvement in "other manufacturing" indicates some pick-up in the construction industry.

Blumenthal unenthusiastic about Bonn economic summit

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Feb. 14.

MR. MICHAEL BLUEMENTHAL, U.S. Treasury Secretary, showed no enthusiasm to-day for plans to hold another economic summit in West Germany this July.

After his return from talks in Bonn with Herr Helmut Schmidt, the West German Chancellor, Mr. Blumenthal repeatedly stated that no final decision on the summit had been taken.

He said that the U.S. attitude to such a session was unchanged, but offered only the most tepid endorsement of the planned meeting. "Under the right circumstances," he said, "a summit meeting can be useful."

He refused substantively to elaborate on this in the face of persistent questioning.

Earlier to-day, in Bonn, West German Government officials made it clear that they were operating under the assumption that the summit would take place on July 14-16. They even quoted from a letter from President Carter to Herr Schmidt indicating that such dates would be acceptable.

Mr. Blumenthal was at pains to make clear that it was up to the White House, not the Treasury, to announce the American decision on the summit. The President's Press office, however, declined to comment on the matter or to reveal details of Mr. Carter's letter to the German Chancellor.

It is possible to discern some difference in tactics, if not necessarily in principle, between the Treasury on the one hand and the White House and State Department on the other. Prior to last week-end's meeting of the Group of Five Finance Ministers in Paris and yesterday's Bonn talks, there was a spate of well informed speculation that the Treasury was prepared to use the summit as a negotiating tool in its efforts to elicit greater stimulation of the German economy.

Performance

In recent Congressional testimony, Mr Blumenthal has several times urged the surplus countries to do more and has mentioned Germany by name on occasion. To-day though, in vivid contrast, the Treasury Secretary expressed satisfaction with the German economic performance and its prospects for the rest of the year.

He was encouraged by his talks in Bonn because of German optimism about reaching the 3½ per cent. real growth target for this year. If that was achieved, German growth by the end of 1978 would be running at an annual rate of about 4½-5 per cent., which would constitute "a very good contribution" to the global economy.

He flatly denied that he had asked the German Government to apply greater stimulus to its economy, observing merely that Bonn would be reviewing the progress of the economy as the year progressed.

Mr. Blumenthal also hinted at substantial agreement between West Germany and the U.S. over foreign exchange market policies. The two countries had made further progress at a technical level on ways in which the markets could be stabilised and the desirable steps which could be taken, he said.

Jonathan Carr reports from Bonn: The German Government is still going ahead with preparations for the summit despite continuing West German-U.S. differences over the extent of Bonn's efforts to boost the economy.

Dr. Armin Gruenewald, the government spokesman, said that all countries invited by Herr Schmidt to participate in the summit had now accepted. Officials would be meeting in late March or early April to make detailed preparations.

Continued from Page 1

Shell

panies settle a large pay deal now widely regarded as helping to fuel the inflationary spiral.

Shell drivers' existing basic pay is £59.25. In addition there is a supplement of £2.15 left over from Phase One and the Phase Two £4 supplement.

The new basic would rise to £75, consolidating Phase One and Phase Two supplements, together with about £10 of new money. Basic pay, incorporating the supplements, would be boosted by about 15 per cent. with the new money. The new basic, however, will be used to calculate holiday pay, pensions and other benefits but not, for the time being, overtime or shift payments.

For a driver who works the company average 11 hours overtime, weekly earnings under the first stage of the deal would rise from just over £102 to £112.

In November, however, the new £75 basic will be used to calculate overtime and the same driver's weekly earnings will rise by another 10 per cent., to about £123.

That figure is to some extent redundant, because by then the drivers who are also seeking a productivity agreement, will be negotiating a new pay deal. They also intend coming back for more during the year if wage deals consistently average out above the guidelines.

On top of this, the drivers will also receive higher subsistence allowances and other benefits together with more holiday entitlement next November.

Continued from Page 1

Trade deficit puzzles Whitehall

chases of consumer goods 13½ per cent. higher at a time when expenditure in the U.K. was down in real terms.

There is evident concern in Whitehall that buoyant consumer spending this year could produce a rapid rise in imports, while export volume could grow more slowly than hoped.

The conventional arithmetic would suggest that the immediately favourable price effects of the rise in sterling since last October—up 5½ per cent.—should offset some of the later adverse volume movements, at least in 1978. North Sea oil production should also be making a growing impact.

Consequently there appear to be strong official hopes of the current account's remaining in substantial surplus this year.

Last week-end the staff of the Organisation for Economic Co-operation and Development projected a surplus in 1978 of around the £1.5bn. level forecast by the Treasury last autumn.

Several economists are sceptical about how long the current account would be in surplus in 1979 on present trends if the growth of the economy were boosted to the desired 3½ per cent. rate, which explains some of the official caution in advice on the Budget.

The past two months' trade figures hardly seem to have been affected, however, by the favourable price trend. This is shown by a 2.1 per cent. jump in January alone in the terms of trade index—the ratio of export to import prices.

While there has been a major erosion in any U.K. price advantage, there is still an edge in relative labour costs compared with two years ago.

In the three months to January, there was a current account surplus of £111m. compared with £720m. in the previous three months.

The latest figures reflect several major presentational and statistical changes. They were affected by favourable movements of £125m. in traditionally erratic times, especially precious stones.

This was more than offset by a 17 per cent. jump in food imports last month, which can be only partly explained by stockbuilding ahead of the Green Pound devaluation, and by a 27 per cent. increase in chemical purchases.

In addition, there appear to be problems in making the seasonal adjustment on imports in January, for the second year running, which may boost the total.

Weather

U.K. TO-DAY

DRY, sunny, freezing fog. Scattered wintry showers in E.

London, S.E., Cent. N. N.W. England, E. Midlands, Lakes
Dry, hazy, freezing fog early. Max. 2C (36F).

E., N.E. England
Sunny scattered wintry showers. Max 2C (36F).

Cent. S. England, W. Midlands.
Sunny, freezing fog early. Max. 3C (37F).

S.W. England
Mostly dry, sunny. Rain or sleet in Cornwall. Max. 5-6C (41-43F).

BUSINESS CENTRES

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Amstrdm.	S	3	37	Madrid	S	6	43
Athens	R	14	57	Manchstr.	S	2	36
Bahrain	S	20	68	Melbourne	C	16	61
Barcelona	S	11	52	Mexico C.	C	18	64
Beirut	F	19	66	Milan	Sn	0	32
Belfast	S	3	37	Montreal	C	−9	16
Belgrade	Sn	0	32	Moscow	C	0	32
Berlin	S	0	32	Munich	F	−2	28
Birmghm.	S	2	36	Newcastle	C	1	34
Bristol	S	3	37	N. York	Sn	−2	28
Brussels	Sn	0	32	Oslo	Sn	−12	10
Budapest	C	3	37	Paris	C	1	34
B. Aires	C	22	71	Perth	S	34	93
Cairo	S	20	68	Prague	S	−1	30
Cardiff	S	4	39	Reykjavik	C	−4	25
Chicago	S	−7	19	Rio de J'o	C	30	86
Cologne	C	0	32	Rome	Dr	5	41
Copnhagn.	Sn	−1	30	Singapore	S	31	88
Dublin	S	1	34	Stockholm	S	−11	12
Edinburgh	C	1	34	Strasbrg.	Sn	1	34
Frankfurt	F	0	32	Sydney	S	27	81
Geneva	S	0	32	Tehran	S	11	52
Glasgow	S	3	37	Tel Aviv	S	[illegible]	[illegible]
Helsinki	[illegible]	−17	1	Tokyo	C	3	39
H. Kong	[illegible]	14	57	Toronto	S	−14	7
Jo'burg	[illegible]	25	76	Vienna	S	0	32
Lisbon	[illegible]	7	45	Warsaw	C	−3	28
London	[illegible]	1	34	Zurich	S	−2	28
Luxembrg.	Sn	−4	25				

HOLIDAY RESORTS

		°C	°F			°C	°F
Ajaccio	C	7	45	Jersey	C	4	39
Algiers	C	12	54	Las Plms.	S	20	68
Biarritz	R	6	43	Locarno	C	3	37
Blackpool	F	3	37	Majorca	S	11	52
Bordeaux	F	8	46	Malaga	S	14	57
Boulogne	C	1	34	Malta	F	11	52
Casblnca.	S	17	63	Nairobi	S	23	73
Cape Tn	S	26	79	Naples	R	11	52
Corfu	C	11	52	Nice	S	10	50
Dubrovnik	C	9	48	Rhodes	C	19	66
Florence	S	6	43	Salzburg	F	−1	30
Funchal	F	18	64	Tangier	C	15	59
Guernsey	C	4	39	Tenerife	S	16	61
Innsbruck	F	0	32	Tunis	C	9	48
Inverness	S	1	34	Valencia	S	13	55
Is. of Man	S	2	36	Venice	F	7	45
Istanbul	C	14	57				

F—Fair. C—Cloudy. Sn—Snow. S—Sunny. Dr—Drizzle.

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